BENARES HINDU UNIVERSITY

ASPECTS OF

ANCIENT INDIAN ECONOMIC THOUGHT

MANINDRA CHANDRA LECTURES, 1927

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PREFACE

THE lectures now published represent the second of a group of three studies in which an attempt has been made to interpret the material contained in the sociological literature of ancient India. The political implications of this literature were reviewed in lectures, which I gave in March, 1914, on behalf of the University of Madras, as the first lecturer on the Sir Subrahmanya Aiyar Foundation. They were published by the University in 1916 with the title, "Considerations on Some Aspects of Ancient Indian Polity". This book has been long out of print, and a new edition is now in the press. Shortly after, I examined the economic ideas of ancient Indian writers, in a course of Ordinary Lectures, delivered for the University of Madras. They were not then reduced to writing. In 1925, I was requested by the Vice-Chancellor and the Council of the Benares Hindu University to give a course of lectures under the Manindra Chandra Nandi Foundation. This invitation gave me the opportunity to resume the study of old Indian economic thought. The lectures were delivered in January, 1927, in the presence of the Vice-Chancellor, Pandit Madan Mohan Malaviya. The reports of the lectures, which appeared in the press at the time, attracted some attention. The Council of the Hindu University desired to have the lectures published in book form as a University publication. Shortly after the request was made, I was drafted to administrative work as the head of the Education Department in Travancore, and till a few months ago, I had no leisure.

With the exception of a few changes, chiefly verbal, the text of the lectures remains unaltered. An interval of seven years between the delivery and the publication of lectures on a subject, in which considerable accessions to literature are being made every year, must necessitate a re-examination of

the views originally expressed. This has now been done, but there has been no need to make any modifications. Authorities have been given wherever necessary, and a Bibliography has been added.

The form *Kauṭilya* is retained in spite of the growing practice of using *Kauṭalya*. My adherence to the older spelling is deliberate, as I am by no means convinced that a change in the spelling sanctified by centuries of usage is now justified, even in the interests of purism.

In the preparation of the lectures for the press, I have received much help, which it is both a duty and a pleasure to acknowledge. Among those who have assisted me, prominent mention has to be made of Mr. V. R. Ramachandra Dikshitar, M. A., Lecturer in Indian History, in the University of Madras, my son and pupil, Mr. K. R. Padmanabha Aiyangar, M. A., B. L., of the Indian Finance and Audit Service, and my pupil, Mr. A. N. Krishnan, M. A., formerly Lecturer in History and Economics in the American College at Madura. An old colleague, Mr. T. M. Krishnamachari, M.A., B.L., collaborated with Mr. A. N. Krishnan in preparing the Index ; and another, Mr. N. S. Narasimha Aiyangar, M. A., B. L., offered many helpful criticisms.

Thanks are also due to Mr. R. Narayanaswami Aiyar, B. A., B. L., of the Madras Law Journal Press, for the neat and expeditious printing of the work.

RAGHAVA VILAS,
TRIVANDRUM,
4th March, 1934.

K. V. RANGASWAMI

LECTURE I[1]

The Subject of the Course.

It is well over two years since I was appointed to this chair by the Council of the University and asked, in accordance with the rules of the Foundation, to give at this great centre of learning a few lectures on a subject connected with Ancient Indian History and Culture. The invitation is an honour for which I have to express my gratitude to the authorities of the University. To a student no opportunity to come into relation with fellow-students is ever unwelcome. No Hindu can resist a call from or the fascination of Benares. No Indian can disobey a mandate conveyed in the name of our honoured Vice-Chancellor.[2] Through circumstances beyond my control it has not been possible for me to discharge this duty earlier. I beg that the generosity with which the delay has been overlooked by the Hindu University will be extended to the shortcomings of the lectures.

A Manindra Professor has a wide field for choice. Ancient Indian History and Culture is a vast subject. The selection of a suitable topic from it for a course of lectures is beset with the difficulty attending a choice from an alluring profusion of attractive themes. In selecting Ancient Indian Economic Thought in some of its aspects for study and exposition on this occasion, I have been guided largely by reasons of utility and neglect. The pursuit of knowledge for its own sake is

[1] The lectures now printed were delivered under the Manindra Chandra Nandi Foundation at the Benares Hindu University between the 10th and 14th January, 1927.

[2] The Hon'ble Pandit Madan Mohan Malaviya.

undoubtedly the academic ideal, but knowledge which is also useful is not less attractive as an academic pursuit. In these days of intense competition of rival studies and interests, and of the stress of life, few are the austere students who would elect to investigate subjects which have no bearing on human welfare. The aim of these lectures will be to show that in some ways the study of *ancient* Indian Economic Thought can help in the solution of modern social problems.

Ancient Indian Economic History.

Interest in ancient Indian economic conditions is of comparatively recent growth. It is barely a generation since a gifted specialist gleaned from the fields of Buddhist literature the isolated and elusive facts bearing upon the social conditions of North-East India in the early Buddhist Age,[1] and presented a fascinating and vivid picture of the social and economic life of the period. Since then, there have been stray workers in the field. We have now a handful of books depicting the economic conditions of the early ages and outlining the economic development of India.[2] In recent years, especially since the revived interest in *Arthaśāstra,* following the sensational recovery of the long lost work of Kauṭilya,[3] there has been a crop of monographs on *Arthaśāstra* and the political and economic data it furnishes. Not a year passes without seeing additions made to our knowledge and to our facilities for studying Indian Economic History. We are not far from the time when the healthy emulation of Indian Universities will produce books on our Economic History not unworthy of the tradition created by the masterly studies

[1] Richard Fick, "*Die Sociale Gliederung im Nordöstlichen Indian Zu Buddha's Zeit,*" Kiel, 1897; English translation by Sisir Kumar Maitra, 1920, Calcutta University.

[2] See appended Bibliography.

[3] First published by the Mysore Government in 1909.

of the Industrial History of the West. We may perhaps have to wait long before we shall hail an Indian Roscher, or a Schmoller, a Cunningham, or an Ashley, or a D'Avenel, but their absence will probably be made up for by the number and the zeal of those who will pursue the study.

Ancient Indian Economics.

Nevertheless, Ancient Indian Economic Thought is a field still practically untilled. The scholarly enthusiasm generated by the recovery of our lost treatises on *Arthaśāstra* is now concentrated on the study of our ancient Polity. This is but natural, and is due to the resurgent nationalism of the day and the white heat of creative effort in current political reconstruction. Old Economic thought still shares unhappily the fate of borderland studies, which are both within and without the pale and are therefore neglected; but, to specialists, such studies should prove fascinating not only because of the tendency to neglect them but also because they demonstrate the way in which branches of knowledge, like aspects of life, are interdependent. These are some of the reasons which have prompted the selection of this subject and the restriction of the present investigation to certain aspects of it.

Its theory and practice.

The course of lectures now begun proposes to deal with our old economic "theory" and "practice". An opposition between its divisions might suggest itself, but it will not be justified. In all deliberate human activity it is possible to find a connecting thread of reason. A theory which does not rest upon sound induction hardly attains scientific accuracy and definiteness. Conduct which is incapable of being resolved into general rules can hardly be rational and consistent. In English 'classical' Economics, there was till recently a distrust of any method other than the deductive. It

used to be said that Economics was only an abstract science and that it laboured under a hardship. "Those who are conversant with its abstractions are usually without a true contact with its facts; and those who are in contact with its facts have usually little sympathy with and little cognizance of its abstractions."[1] But we have now passed the stage of such fears. We depend on induction no less than deduction and realize the interdependence of theory and practice in Economics. Even if we do not go so far as to accept the old Virgilian motto of the mastery of mind over matter, we are conscious of the reciprocal influence of man and environment and the value of a historical background to our scientific conclusions. Growing faith in the helpfulness of Economic History to historians of Economic thought might justify the claim that the science of Economics no less than the science of Politics, for which Lord Acton made the claim, is gleaned from the stream of History like grains of gold in the sands of a tropical river.

Utility of the study.

Economic thought in any age only reflects its life, and economic opinion moves with the variations of economic condition. We may therefore claim that our attempt is not to satisfy a mere antiquarian curiosity, which would justify J. B. Say's famous century-old sneer: "What can we gain by accepting these antiquated and absurd opinions, these corrupt doctrines, and what good they do to us? It would be merely useless and wasteful."[2] The economic interpretation of our history will be one of the first fruits of the study of old Indian Economic thought. That study will enable us

[1] Walter Bagehot, *Postulates of English Political Economy,* 1885, p. 18. See also R. H. Inglis Palgrave, *Dictionary of Political Economy,* II, art. *Scope and Method of Economics.*

[2] *Cours Complet d'Economic Politique Pratique, IXme Partie.*

to visualize not only the life of our ancestors but it will help us to recognise and interpret even the purpose of their every day activities. It will correct current illusions in regard to our past such as the belief in oriental stagnation and the assumption of the homogeneity of Asiatic culture.[1] It will also show how the cultural environment of a people can have successors in a genetic sense, no less than the people themselves.

It is hardly necessary on this occasion to dilate on the mischief done and the obstacles raised to a due perception of our past by the influence of such idols of the market place, which unhappily do not stand alone. We have the erroneous belief that outside the realm of literature, philosophy and religion, the ancient Hindus were ciphers, an illusion to which so devoted a lover of Indian culture as Max Müller insensibly contributed.[2] There is again the assumption of the primitive nature of ancient Indian society and of the simplicity of old Indian life, which has found its way not only into histories of India, but into authoritative histories of Economic doctrine also.

There is also the illusion that correct Economic thought is only of recent growth and exclusively of European origin.[3] The evil results, which follow when

[1] See Lord Balfour's *Decadence*, 1908, pp. 34-39; and V. A. Smith, *Early History of India*, 1914, pp. 112-113.

[2] See for example, his *India, What can it teach us?*, 1892, *passim*.

[3] "The economic ideas of the ancient peoples of the East, which may be gathered from their sacred books, have but a slight interest from the point of view of modern science. They can all be reduced to a few moral precepts. . . . Commerce and the arts were as a rule despised in comparison with agriculture." (L. Cossa, *Introduction to the Study of Political Economy*, trd. L. Dyer, 1893, pp. 128-129.) Dr. J. K. Ingram (*History of Political Economy*, 1888) gives only a page to oriental economic thought, which he considers primitive. L. H. Haney (*History of Economic Thought*, 1924) recognises the error of lumping "Chinese, Medes and Persians, Jews, Japanese, Arabs, Hindus, even Egyptians, as

such generalisations are allowed to pass unchallenged and uncorrected, are familiar enough to discerning students of our past history. A use of the study of ancient Indian Economic theories may lie in its helping to dispel such baneful illusions.

The study will also prove valuable in a more direct way. Instances of numerous anticipations by early Indian thinkers of doctrines which are supposed to be modern, should enable us to appraise better than we are now able to do, the economic activities of an age in which such an accurate perception of economic laws was possible. Our study might similarly enable a place in the history of Economics to be recovered for Indian thinkers like Kauṭilya and Śukra, and obtain for them their due position among the economists of the world. We might understand better than we do the character of the social problems which have come down to us from the past. The understanding of the ancient Indian attitude towards economic study and towards economic questions might also lead to a better appreciation than we now have of the Indian attitude towards life and knowledge, and to a truer perception than we possess of the character and scope of the philosophical and scientific literature of Ancient India.

In India more than in many parts of the world the past persists in the present. Many of the problems of an economic or social kind which confront us are either those which existed in the past or those which have resulted from them. In passing, one might for example refer to such of them as the revived interest in

is sometimes done" (*ibid.*, p. 34) but he virtually does not much better than Cossa, and Ingram, whose attitude he criticises, and briefly characterises Hebrew and Hindu economic thought as "simple, dominated by religious and moral concepts, regulative, idealistic, conservative and passive." (*Ibid.*, pp. 35-50.)

Varṇāśramadharma, the ideal of economic self-sufficiency, the attempts to popularise agriculture and the cry of 'Back to the Land,' and the revived passion for the 'simple life'. The application of the method of comparative study to ancient and modern Economics, and to Oriental and Western Economics, may lead to a clear recognition of the relativity of Economic laws and of the fundamental unity of Economic thought. Modern Economics might even gain in outlook and in accuracy from the wider basis of induction furnished by the study of old Indian economic life and its theoretical background.

Method followed.

In pursuing our study, especially with the inchoate and intractable character of our material, it is necessary to follow a methodical procedure. I would accordingly propose, both for convenience of treatment and of easy apprehension, to follow the accepted divisions of classical Economic treatises as well as their terminology, and present the views of ancient Indian economists in modern phrases. For this procedure, there is precedent.[1] This plan no doubt involves the danger of creating an impression of the existence of a more systematic exposition of economic principles in Ancient India, than is justified, and of attributing to old Indian thinkers opinions of a modern character. The danger may however be avoided when it is foreseen. It is more than balanced by the number of clear anticipations of modern doctrine which our studies reveal, and by the numerous and fruitful comparisons of ancient Indian and modern European culture. It will also shed additional light on the nature of the economic environment in which these theories developed in India. It will show that our old Indian culture is the product of a moral and religious system

[1] See, for instance, Chen Huen-Chang, *The Economic Principles of Confucius and his School*, 2 vols., 1911, Columbia University Studies.

possessing principles which may be used in solving some of our present-day problems.

Aspects considered.

It may be observed that neither the time available nor the nature of the topics chosen can result in a treatment of such a comprehensive and systematic character as would afford the opportunity for descriptive studies rather than analytical and critical presentations of our old Economic doctrines.

At the outset of our enquiry, we are faced by two allied and fundamental problems: Was there any *economic* speculation in Ancient India? Was there in Ancient India a *science* of Economics in the modern sense? Paradoxical as it might seem, these questions are most conveniently approached by outlining first the modern conceptions of Economics and then comparing them with those of Ancient India.

Alleged modernness of Economics.

It is commonly held that the science of Economics is of comparatively recent growth, and that so far as England is concerned it cannot be taken much beyond the date of the publication of Adam Smith's *Wealth of Nations* (1776). As an illustration of the crude views which used to be found even in professedly systematic treatises on Economics before the time of Adam Smith, Walter Bagehot[1] cites a passage from Sir James Stewart's *Inquiry into the Principles of Political Economy* (1767), the best book on the subject published before Adam Smith's, and written like it by a man of travel and education. Bagehot shows from this passage how crude Stewart's work was, though removed only by nine years from the *Wealth of Nations*. No one can contend, however, that while the systematic presentation of the subject-matter of Economics more

[1] See his *Postulates*, p. 2.

or less in its modern form is only about a century old, economic doctrines have been practically contemporaneous with civilization, and that fragments of economic truth can be found scattered in European literature from the days of Hesiod downwards.[1] At the same time, it must be admitted that the scope and outlook of the classical English economists have been defective and require correction and extension.

Conception of Wealth and Welfare.

At the present moment, the difference between the later and the older classical English views on the scope of Economics may be illustrated from the writings of Dr. Alfred Marshall and J. S. Mill respectively. Writing in 1848, the latter claimed the subject-matter of Economics as wealth: "Writers on Political Economy profess to teach or to investigate the nature of wealth, including the laws of its production and distribution; including directly or remotely, the operation of all the causes by which the condition of mankind or of any society of human beings in respect of this *universal object of human desire* is made prosperous or the reverse." Mill evaded a definition of wealth by stating that "every one has a notion sufficiently correct for common purposes of what is meant by wealth."[2] He was however at pains to show the fallacy of identifying wealth with the precious metals. This definition stressed the importance of goods above producers and was characteristic of the attitude of the classical school both towards wealth and Economics. It naturally led to an attack on ethical grounds, as well as on the ground of inapplicability to actual life. It made Sismondi retort: "What?

[1] This is admitted by Alexander Gray, *Development of Economic Doctrine*, 1931, p. 1: "However recent in the history of human thought may be the development of a systematic body of economic doctrine, reflection, and to a certain extent speculation, on economic phenomena must be as old as human thought itself."

[2] *Principles of Political Economy*, ed. W. J. Ashley, p. 1.

2

Is wealth then everything? Are men absolutely nothing?"[1] It roused the ire of Carlyle and Ruskin and led to the stigmatisation of Economics as 'the Dismal Science'. It remained for later economists, and particularly for Dr. Marshall, to clear up the misunderstanding, to show that the practice of Mill was more correct than his definition, and to re-define Economics. In 1895 Dr. Marshall defined Economics "as the study of mankind in the ordinary business of life," and showed that Economics examines "that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being".[2] "Economics is on the one side a study of wealth and on the other and more important side a part of the study of man, taking an equal, if not a more important, part with the study of religion as an interpreter of human action and in the moulding of human character."[3] The emphasis laid on wealth, rather than on the end of it, as the prime concern of economists had led to the misunderstanding that they were on the side of the rich and against the poor. Dr. Marshall accordingly plunged at the commencement of his treatise into the importance of the study of poverty and the social and moral evils springing from it.

Turning to the conception of wealth itself, Dr. Marshall emphasised the old classical idea and introduced a new concept, *viz.*, goods. "All desirable things are goods." Goods are material or personal or immaterial. Goods again are transferable or non-transferable, and free or scarce. When a man's wealth is spoken of, it is to be taken to consist firstly in those material goods in which he has a right of property and which are

[1] *Nouveaux Principes d'Economic Politique*, 1819, p. 51.

[2] *Principles of Economics*, Vol. I, 8th Ed., p. 1.

[3] *Economics of Industry*, 1892, p. 1,

external to him and enable him to acquire material goods, *e.g.*, business connections. In a broader sense, Dr. Marshall would include under wealth certain items, which the earlier economists had recognised as personal wealth, such as personal skill, industrial faculties, etc.[1]

Old Indian view of Economics and Wealth.

Let us now turn to the Indian conception of Economics and wealth. There is no single expression in Sanskrit which connotes exactly what is implied by Economics. Our vernaculars have attempted to coin equivalents for the term 'Economics' in such expressions as *Artha-Mīmāṁsā, Dhana-śāstra, Arthaśāstra* and *Vārtāśāstra*. The last two however have specialised meanings of their own in Sanskrit literature, and it is therefore not permissible to wrest them from their traditional sense.

There are two expressions in Sanskrit which relate to subjects having a large economic content. These are *Arthaśāstra* and *Vārtā*. The literature of *Dharmaśāstra* and *Nītiśāstra* also deal largely with economic matter. Economic doctrines are even more implied than political dogma, in many of the injunctions of *Dharmaśāstras*. Is it then permissible to identify any of these *Śāstras* with Economics?

The separation of Economics from the body of social sciences is relatively modern and is virtually the work of English writers. Even in the European classical languages, there is no word which implies all that is meant now by the term "Economics". This is natural. In classical times, Economics had not emerged as a subject differentiated from other branches of philosophical speculation. The ancient Greeks had not words to express what we now mean not merely by Economics, but also by Politics. The Greek words for Economics

[1] *Principles of Economics*, Vol. I, 8th ed., pp. 54-62.

and Politics implied different studies from those which pass under these names to-day.[1]

The Divisions of Vidya.

To appreciate the position of *Arthaśāstra* and *Vārtā* in the circle of ancient Indian science, it is necessary to understand first the traditional Indian attitude towards 'knowledge' as a whole and its different branches. Every division of knowledge, which is systematised, was conceived as a *vidyā* or a *śāstra* (science). According to the accepted canon the *vidyās* or the divisions of knowledge are four; *viz.*, *Ānvīkṣikī*, *Trayī*, *Vārtā*, and *Daṇḍanīti*.[2]

This division is ancient, and is even older than Kauṭilya's *Arthaśāstra*, in which there is a famous discussion as to whether there is a division of the *Vidyās*, and if there is, whether it is a four-fold, or three-fold or two-fold division.[3] Max Müller drew attention many years ago to the occurrence of the term Ānvīkṣikī in *Gautama-Dharmasūtra*, and pointed out that it is used in the general sense of Philosophy.[4] In commenting

[1] In Greek the term for Economics meant what is now called 'domestic science'. The Greek word for Politics was derived from *polis* (city) and the science corresponds more to Civics than to Politics.

[2] This is explicitly stated by Kauṭilya:

आन्वीक्षिकी त्रयी वार्ता दण्डनीतिश्च इति विद्याः ।

The *vidyās* are given as thirty-two by *Sukra* (IV, iii, 50-59). In his list *vārtā* and *daṇḍanīti* are not mentioned separately; *Arthaśāstra* is mentioned instead, and so defined, as to comprehend Politics as well as Economics. Atheistic philosophy (*nāstikam-matam*), probably a reference to the *Lokāyata* system, is one of the *vidyās* in Sukra's list. A full list of the *vidyās* is given in several manuscripts of *Caranavyūha* (Oppert, *Sukranītisāra*, pp. 264-265). *Arthaśāstra* is called *Arthaveda* in this list and classed as an *Upaveda*. 'Greek' Science (*Yāvanakākhyam tantram*) is also included as a *vidyā* in his list.

[3] P. 6, Mysore edn.

[4] In his *Six Systems of Indian Philosophy*, p.76 n. The Sūtra (*Gautamasmṛti* XI 3) runs thus: त्रय्याम् आन्वीक्षिक्यां चाभिविनीतः ।

on this *sūtra* of Gautama the Māskari Bhāṣya interprets *Ānvīkiṣikī* as 'logic and metaphysics' (*nyāya* and *ātma-vidyā*). It explains the presence of the disjunctive and the conjunctive particles in the *sūtra* as implying a reference to two other branches of knowledge (viz., *Daṇḍanīti* and *Vārtā*). If this traditional interpretation of the aphorism of Gautama is correct, the division of knowledge into four branches is of great antiquity and it is clear that it became standardised before the sixth century B.C. If *Ānvīkiṣikī* is taken in the sense of Philosophy its content varies according to the bias or outlook of different writers. Kauṭilya brings under it only three systems of philosophy,[1] the Sāmkhya, the Yoga, and the Lokāyata, which are respectively associated with the names of the sages—Kapila, Patañjali and Bṛhaspati. Others regard *Nyāya* and *Vedānta* as the primary sub-divisions of *Ānvīkṣikī*.[2] *Trayī* is the Veda and is held to comprehend all branches of revealed knowledge and their adjuncts, such as the *Vedas*, *Upavedas*, *Itihāsas*, *Purāṇas*, etc.[3] *Arthaśāstra* is classed

The Māskari Bhāṣya explains it thus: आन्विक्षिकी न्यायविद्या आत्मविद्या वा। अनयोरभिविनीतः कुशलः। विसमासात्। दण्डनीत्यां च, चशब्दात् वार्तायां च।

[1] Pp. 6—7: साङ्ख्यं योगो लोकायतं चेति आन्वीक्षिकी। ....बलाबलं चैतासां हेतुभिः अन्वीक्षमाणा लोकस्योपकरोति, व्यसनेऽभ्युदये च बुद्धिमवस्थापयति, प्रज्ञावाक्यक्रियावैशारद्यं च करोति (Ar. Śās. 1.1)

[2] *Śukranītisāra*, I, 305:

आन्वीक्षिक्यां तर्कशास्त्रं वेदान्ताद्यं प्रतिष्ठितम्।

[3] *Śukra*, I, 309-10:

अङ्गानि वेदाश्चत्वारो मीमांसा न्यायविस्तरः।
धर्मशास्त्रपुराणानि त्रयीदं सर्वमुच्यते॥

and *Kauṭilīya*, I, 3:

सामर्ग्यजुर्वेदास्त्रयस्त्रयी। अथर्ववेदेतिहासवेदौ च वेदाः।

as an *Upaveda* by at least one ancient authority.[1]

Vartā—its import.

Vārtā is defined as the subject which treats of agriculture, commerce, and cattle-breeding. The word Vārtā is derived from *Vṛtti* (profession) and is used both in a wide and in a narrow sense, to imply occupation and the 'science or branches of knowledge dealing with specified occupational subjects.'[2] In later Sanskrit literature, the scope of *Vārtā* is extended. Kauṭilya held that agriculture, cattle-rearing and trade alone constitute *Vārtā*. "It is most useful in that it brings in grain, cattle, gold, forest-produce and free-labour. It is by means of the treasury and the army obtained solely through *Vārtā* that the king is able to hold under the control both his subjects and his enemy."[3]

Its content.

In the later elaborations, usury or money-lending (*kusīda*) is specifically brought under Vārtā.[4] Thus for example, in the Śukranīti, it is said that money-lending, agriculture, commerce and cattle-protection are comprised in *Vārtā*. "*Vārtā* is four-fold: agriculture, commerce, cattle-protection, with money-lending as the

[1] Śaunaka's *Caraṇavyūha* classes *Arthaśāstra* as an *upaveda* of the *Atharvaveda*, the *upavedas* for the other Vedas being *Āyurveda* (medicine) for the *Ṛigveda*, *Dhanurveda* (military science) for the *Yajurveda*, and *Gāndharvaveda* (music and the fine arts) for the *Sāmaveda*.

[2] ततः प्रादुर्बभौ तासां सिद्धिस्त्रेतायुगे पुनः ।
वार्तार्थसाधिकाप्यन्या वृत्तिस्तासां हि कामतः ॥

(*Vāyupurāṇa*, 8, 124.)

[3] कृषिपाशुपाल्ये वाणिज्या च वार्ता ।
धान्यपशुहिरण्यकुप्यविष्टिप्रदानादौपकारिकी ।
तया स्वपक्षं परपक्षं वा वशीकरोति कोशदण्डाभ्याम् ॥

(*Kauṭilīya*, I, 4, p. 8, Mysore edn.)

[4] कुसीदकृषिवाणिज्यं गोरक्षावार्तयोच्यते ।
संपन्नो वार्तया साधुर्न वृत्तेर्भयमृच्छति ॥

(*Sukranīti*, I, 311.)

fourth among these; we follow cattle-protection."[1] In later times, *Karmānta* (artisanship) was also brought under *Vārtā*, as in the following passage of *Devi Purāṇa*, "O! Goddess by the protection of cows and other cattle, by agriculture and by manufacture, the person is fixed in Vārtā."[2] Translated into modern terms this would mean that *Vārtā* was a branch of knowledge dealing with the economics of agriculture, trade, industry and banking. It is practically co-extensive with modern Economics with the omission of Consumption and Public Finance.

The importance attached to *Vārtā* in social economy is signified in two ways. *Vārtā* determines the functions and occupations of the bulk of the people, *viz.*, the *Vaiśyas* and the *Śūdras*, and under special circumstances, those of the two higher *varṇas* also. "A good man who is blessed by *Vārtā* never has a fear on account of his occupation," says Śukra.[3] Again to quote Kāmandaka "when Vārtā is destroyed, this world is surely dead though it seems to breathe".[4] The same idea of the paramount value of *Vārtā* is implied in the question put to Bharata by Rāma: "Are your dependants, who are engaged in agriculture and cattle-breeding adhering carefully to Vārtā and living comfortably in the

Its importance.

[1] *Bhāgavata Purāṇa*, X, 24, 21:

कृषिवाणिज्यगोरक्षा कुसीदं तुर्यमुच्यते ।
वार्ता चतुर्विधं तत्र वयं गोवृत्तयोऽनिशम् ॥

[2] Ch. 45:

पश्वादिपालनाद्देवि कृषिकर्मान्तकारणात् ।
वार्तायां नित्ययुक्तः स्यात् पशूनां चैव रक्षणे ॥

[3] I, 312.

[4] *Nītisāra*, I, 12:

आयत्तं रक्षणं राज्ञि वार्ता रक्षणमाश्रिता ।
वार्ताछेदे हि लोकोऽयं श्वसन्नपि न जीवति ॥

world?"[1] The importance attached to the study of Vārtā is further illustrated by some of the precepts of Yājñavalkya on the duties of the King.[2] "A king should be energetic, learned, mindful of the past, subservient to the sages, modest, even-minded, of a noble family, truthful, pure, prompt in action, etc., a concealer of his assailable points, skilled in philosophy and in politics, learned in *Vārtā* and also in Vedas." In the *Mahābhārata*, the importance of *Vārtā* for the economic stability of a country is indicated in the following passage: "The root of this world is in *Vārtā*. It is sustained by *Vārtā*. So long as the king cherishes *Vārtā* everything goes on well."[3] *Vārtā* was an important part of the regal curriculum of studies and the king has to learn it from experienced specialists employed by the State.[4] It is characteristic of the Indian attitude

[1] *Rāmāyaṇa,* Ayodhyā-Kāṇḍa, ch. 100, 48:

कच्चित्ते दयिताः सर्वे कृषिगोरक्षजीविनः ।
वार्तायां संश्रितस्तात लोको हि सुखमेधते ॥

[2] I, 311ff:

महोत्साहः स्थूललक्षः कृतज्ञो वृद्धसेवकः ।
विनीतः सत्त्वसंपन्नः कुलीनः सत्यवाक् शुचिः ॥
अदीर्घसूत्रः स्मृतिमान् अक्षुद्रोऽपरुषस्तथा ।
धार्मिकोऽव्यसनश्चैव प्राज्ञः शूरो रहस्यवित् ॥
स्वरन्ध्रगोप्ताऽऽन्वीक्षिक्यां दण्डनीत्यां तथैव च ।
विनीतस्त्वथ वार्तायां त्रय्यां चैव नराधिपः ॥

[3] वार्तामूलोऽयं लोकस्य तया वै धार्यते सदा ।
तत्सर्वं वर्तते सम्यग्यथा रक्षति भूमिपः ॥

(*Vanaparva,* 67, 35.)

Compare also *Vāyupurāṇa,* ch. 24, 102, and ch. 8, 129.

[4] *Kauṭilīya,* I, 11:

वृत्तोपनयनस्त्रयीम् आन्वीक्षिकीं च शिष्टेभ्यः,
वार्ताम् अध्यक्षेभ्यः, दण्डनीतिं वाक्प्रयोक्तृभ्यः ।

towards science, that *Vārtā* which is regarded as one of the four primary divisions of knowledge, is treated as a practical study. The practical bent of the Indian mind is shown by equating *Vārtā* with a group of sciences as well as a group of arts, ignoring the barren distinctions between 'science' and 'art', now drawn. *Daṇḍanīti*, the fourth of the branches of knowledge, is virtually the same as *Nītiśāstra*, the science of Polity. It is, however, significant that, while treated as essentially a science by Kāmandaka, *Nītiśāstra* became in *Śukranītiśāra* more comprehensive and came to include the subject-matter of *Vārtā* also.[1]

Arthasastra—Its relation to the ends of Life.

Arthaśāstra as a term was of wider import than either *Vārtā* or *Daṇḍanīti*. It appears to have had a vogue of popularity after the days of Kauṭilya. But, *Arthaśāstra* was obviously wider in scope than Economics. It included a number of other social sciences. The connecting link between the *Vidyās* and *Arthaśāstra* is to be found in the relationship between knowledge and the aims of men (*puruṣārtha*). The Indian doctrine of *puruṣārtha* indicates a four-fold division of the aims of existence. It divides human activities into four cate-

Manusmṛti, VII, 43:

त्रैविद्येभ्यस्त्रयीं विद्यां दण्डनीतिं च शाश्वतीम् ।
आन्वीक्षिकीं चात्मविद्यां वार्तारम्भांश्च लोकतः ॥

See also *Matsya-purāṇa*, 215, 53.

[1] *Vārtā* is referred to in the following passages of Epic and Purāṇic literature:—

Rāmāyaṇa, II, ch. 100, sl. 47 and 68; *Mahābhārata*, III, ch. 150, 30-31; XII, ch. 18, 33; ch. 59, 33; ch. 68, 35; *Viṣṇupurāṇa*, I, ch. 9, 119; II, ch. 4, 84; V, ch. 10, 26-30; *Harivaṁśa*, ch. 40, 39; *Bhāgavatapurāṇa*, III, ch. 12, 44; VII, ch. 11, 15; X, ch. 24, 21; XI ch. 29, 33; *Agnipurāṇa*, ch. 225, 21-22; ch. 237, 5; ch. 238, 9; *Vāyupurāṇa*, ch. 8, 121, 130, 134; ch. 24, 103; ch. 61, sl. 197; *Matsya-purāṇa*, ch. 145, 36; ch. 215, 53; *Brahmapurāṇa*, ch. 20, 88; ch. 44, 10; *Brahmāṇḍapurāṇa*, ch. 1, 107; ch. 8, 130, 195; ch. 63, 4; ch. 64, 25-32; ch. 65, 36; *Nāradīyapurāṇa*, Atri-saṁhitā, 14, 15; *Devīpurāṇa*, ch. 37, 61; *Śivapurāṇa*, I, i; 22; *Liṅgapurāṇa*, ch. 21, 16; ch. 39, 43.

gories as men follow the two-fold path of action (*pravṛtti-mārga*), or inaction (*nivṛtti-mārga*). The four *puruṣārthas* are: Dharma, Artha, Kāma and Mokṣa. Of these, the second and the third definitely relate to the *pravṛtti-mārga.* Two spheres of human activity are also indicated: the worldly and the other-worldly (*vyāvahārika* and *pāramārthika*). Of the four ends of human existence, the first three, viz., *Dharma, Artha* and *Kāma,* representing the moral and religious, the economic and æsthetic values in life, relate to worldly life, the life *vyāvahārika* and *pāramārthika.* The fourth takes a person to the *pāramārthika* stage, where the *nivṛtti-mārga* begins, *i.e.,* a certain negation of earthly good takes place as well as a certain trans-valuation of earthly aims.

One of the favourite subjects of scholastic discussion in Indian literature is that of the rival excellences of the different *Puruṣārthas, viz.,* the religious and moral, the hedonistic and the economic.[1]

The key to the doctrine of the *Puruṣārtha* and to the intimate relationship of the *Puruṣārthas* and *Vidyās* is to be found in the circumstance that both are treated as necessary accessories for the realisation of the ultimate aim of existence. Each of these *Puruṣārthas* is

[1] Cf. *Kauṭilīya,* 1, 7: धर्मार्थाविरोधेन कामं सेवेत न निस्सुखः स्यात् । समं वा त्रिवर्गम् अन्योन्यानुबन्धम् । एको हि अत्यासेवितो धर्मार्थकामानाम् आत्मानम् इतरौ च पीडयति । अर्थ एव प्रधान इति कौटिल्यः । अर्थमूलौ हि धर्मार्थकामौ इति ॥ See also Vātsyāyana's *Kāmasūtra,* I, 2. See also *Mahābhārata,* XII, 123, 4-6:

धर्ममूलोऽर्थ इत्युक्तः कामोऽर्थफलमुच्यते ।
सङ्कल्पमूलास्ते सर्वे सङ्कल्पो विषयात्मकः ॥
विषयाश्चैव कार्त्स्न्येन सर्व आहारसिद्धये ।
मूलमेतत् त्रिवर्गस्य निवृत्तिर्मोक्ष उच्यते ॥

made to depend upon the others and all of them are co-related to the doctrines of *Varṇāśrama-dharma.*[1] Thus it came to pass that the orientation of the Indian mind was towards Dharma (duty) and that of Indian culture towards the realisation of Dharma. It was ultimately *Dharmapradhāna,* and only in an inferior, accessory or instrumental sense, *Arthapradhāna.* This is one of the reasons why, in the conflict of authorities, not only writers on *Dharmaśāstra* like Yājñavalkya, but even writers on *Arthaśāstra* themselves, lauded the superiority of the precepts of Dharma to the precepts of *Arthaśāstra.*[2]

Arthaśāstra might therefore be regarded as occupying the same place in our ancient literature, as a combination of jurisprudence, politics and economics, somewhat on the lines of European Cameralism between the 16th and 18th centuries.

The old Indian attitude towards 'science' and 'art' reflects the beliefs in the interdependence of all branches of knowledge and all stages of life, and in the ultimate

[1] Cf. *Matsya-purāṇa,* 145, 36:

तैः शिष्टश्चलितो धर्मः स्थाप्यते वै युगे युगे ।
त्रयीवार्तादण्डनीति प्रजावर्णाश्रमेप्सया ।।

[2] *Kauṭilīya,* p. 150, Mysore edn.:

संस्थाया धर्मशास्त्रेण शास्त्रं वा व्यावहारिकम् ।
यस्मिन्नर्थे विरुध्येत धर्मेणार्थं विनिश्चयेत् ।।

Yājñavalkya, II, 21:

स्मृत्योर्विरोधे न्यायस्तु बलवान् व्यवहारतः ।
अर्थशास्त्रात्तु बलवद्धर्मशास्त्रमिति स्थितिः ।।

Nārada, I, 1, 39:

यत्र विप्रतिपत्तिः स्याद्धर्मशास्त्रार्थशास्त्रयोः ।
अर्थशास्त्रोक्तमुत्सृज्य धर्मशास्त्रोक्तमाचरेत् ।।

See also *Vīramitrodaya, Paribhāṣā-prakāśa,* Eng. trn. Rāmabhadra Ojha, 1917, pp. 31-50 and V. R. R. Dikshitar's *Hindu Administrative Institutions,* (1929), pp. 27-37.

sanction for all secular sciences being found in Religion and Philosophy. Thus it came to pass that in Ancient India economic laws had to find their ultimate justification in metaphysics and in religion, and their immediate sanction in politics and law as much as in their own rationality and practicability. This is indicated in Śukra's definition of *Arthaśāstra*: "Arthaśāstra is that science which describes the actions and administration of kings in accordance with the dictates of revelation and of law as well as the means of appropriate livelihood."[1]

Attitude towards wealth.

The Indian attitude towards the divisions of knowledge and the divisions of life is reflected in the attitude towards wealth. It has already been shown how a storm of opposition was roused by the doctrine of the classical English economists that wealth was "an object of universal human desire," and the emphasis which they laid on wealth as a material rather than on man as the creator and consumer of it and as the real subject of Economic science. It is interesting to compare the Indian outlook on wealth with the western. We can hardly do better than begin with the word *'Dhanam'* which denotes 'wealth' generally, and analyse the conceptions underlying its synonyms and variations as given in Amara's lexicon.[2] *Dhanam* is derived from *Dhan*, 'to cry out' and is usually applied in the primary sense of 'wealth in cattle' or reproductive wealth generally. In the *Harivaṁśa*, *Dhanāni*, the plural of *Dhanam*, is

[1] श्रुति-स्मृति-अविरोधेन राजवृत्तादिशासनम् ।
सुयुक्त्यार्थार्जनं यत्र हि-अर्थशास्त्रं तदुच्यते ॥

(*Sukranītiśāra*, IV, iii, sl. 55.)

[2] *Nāma-lingānu-śāsana*, II, 9, 90:

द्रव्यं वित्तं स्वापतेयं रिक्थमृक्थं धनं वसु ।
हिरण्यं द्रविणं द्युम्नमर्थरैविभवा अपि ॥

used in the sense of 'possessions'.[1] As contrasted with interest (*vṛddhi*), *Dhanam* is used in the sense of capital. *Dhana-dhāni,* implying a profusion of wealth, has come to mean a treasury.

Let us take the synonyms for *Dhana* as given by Amara. Among these equivalents to *Dhanam,* it will be found that the implication of *Dravyam* is substance; of *Vittam,* that wealth is earned; of *Svāpateyam,* that it is capable of individual appropriation; of *Hiraṇyam,* that it is in gold; of *Arthaḥ,* that it is the result of accumulation; of *Śrī, Lakṣmī* and *Vibhavaḥ,* that it leads to prosperity; of *Bhogyam,* that it is capable of appropriation and enjoyment; and of *Vyavahāryam,* that it is transferable and as such the subject-matter of disputes.[2] Dhana.

'Artha', as a subject of *Arthaśāstra,* has two other meanings, beside wealth. As a synonym for wealth, it is less commonly used than *Dhana* being specialised in two other senses. In the first of these senses, it refers to the aims of life (*puruṣārthāḥ*). In the second, it refers to one of the four *Puruṣārthas, viz.,* that which satisfies human desire. In this sense, the term *Artha* is equivalent to Dr. Marshall's 'goods,' being 'any material object capable of satisfying a human desire'. The immaterial objects capable of satisfying human desires are aspirations, and so come under one or other of the three other *Puruṣārthas,* viz., *Dharma, Kāma* and *Mokṣa.* Artha.

It will thus be seen that the Indian conceptions of *Artha* and *Dhanam,* with their variants, correspond closely to the most modern conception of 'goods' and 'wealth'. The analysis of the modern conception of wealth reveals four characteristics, *viz.,* it is mate-

[1] Ch. 75, sl. 55.

[2] See also *Śukranīti,* II, 645-658.

rial; it is consumable; it is appropriable; and it is transferable. Wealth consists either of material goods or the right to material goods. The root ideas of the ancient Indian conception of wealth are its material quality, its appropriability, its being the result of acquisition, its not being quite identical with gold, its consumability and its attractiveness due to scarcity. This will explain how by starting with a sound idea of wealth, the old Indian economists escaped the fallacy of identifying wealth with particular forms of it alone, or with the precious metals, and of treating the material objects of wealth as having value independently of their relation to man, their producer and consumer.

Indian attitude towards wealth and poverty.

Let us now turn to the Indian attitude towards wealth and poverty. The popular conception that the Indian has turned his face away from material prosperity, with its pursuit of sterile gold, is hardly truer of ancient than of modern times. Undoubtedly, the interdependence of Economics and Ethics has been a fundamental assumption in all Indian thought. It is also true that in periods of intellectual or moral reaction, the ineffectiveness of mere material goods for securing the primary ends of existence has been proclaimed. One might notice this particularly in the Upaniṣads and in the literature of the early Buddhist and Jain epoch. But, the general attitude has always been to regard wealth not as an end in itself, but as a means to ends, and even as an important means to the higher ends. There cannot be a more significant enunciation of this position, than that of Arjuna in the eighth chapter of the *Śānti Parva*[1] on the importance of wealth for gaining

[1] *Mahābhārata*, XII, ch. 8:

यो ह्याजीविषेद्भैक्षं कर्मणा नैव कस्यचित् ।
समारम्भान् बुभूषेत हतस्वस्तिरकिञ्चनः ॥ ६

all human ends, and of the depressing influence of poverty—words to which a student of Dr. Marshall might be able to cite parallel passages from the latter's "*Principles*". "He that would live by mendicancy cannot by any act of his, enjoy the good things of the earth

* * * * *

यं त्विमं धर्ममित्याहुर्धनादेष प्रवर्तते ॥ १२

धर्मं स हरते तस्य धनं हरति यस्य यः ।.... १३

....

.....दारिद्र्यं पातकं लोके १४

... ...

अर्थेभ्यो हि विवृद्धेभ्यः संभृतेभ्यस्ततस्ततः ।
क्रियाः सर्वाः प्रवर्तन्ते १६
अर्थाद्धर्मश्च कामश्च स्वर्गश्चैव नराधिप ।

. . . . १७
अर्थैरर्था निबध्यन्ते गजैरिव महागजाः ॥ २०
धर्मः कामश्च स्वर्गश्च हर्षः क्रोधः श्रुतं दमः ।
अर्थादेतानि सर्वाणि प्रवर्तन्ते नराधिप ॥ २१
................धनाद्धर्मः प्रवर्धते ।
नाधनस्यास्त्ययं लोको न परः ..... ॥ २२
नाधनो धर्मकृत्यानि यथावदनुतिष्ठति ।
धनाद्धि धर्मः स्रवति शैलादपि नदी यथा ॥ २३

. . . .
एतावानेव वेदेषु निश्चयः कविभिः कृतः ॥ २६
अध्येतव्या त्रयी नित्यं भावितव्यं विपश्चिता ।
सर्वथा धनमाहार्यं यष्टव्यं चापि यत्नतः ॥ २७

. . . .

यथैव पूर्णादुदधेः स्यन्दन्त्यापो दिशो दश ।
एवं राजकुलाद्वित्तं पृथिवीं प्रतितिष्ठति ॥ ३३

. . . . . What is here regarded as *Dharma* depends entirely on wealth. One who robs another of wealth robs him of his *Dharma* as well. Poverty is a state of sinfulness. All kinds of meritorious acts flow from the possession of great wealth, as from wealth springs all religious acts, all pleasures and Heaven itself. O, King! Wealth brings about accession of wealth, as elephants capture elephants. Religious acts, pleasure, joy, courage, wrath and learning, all these proceed from wealth. From wealth one's merit increases. He that has no wealth has neither this world nor the next. The man that has no wealth succeeds not in performing religious acts, for the latter spring from wealth like rivers from mountains. The learned have laid down that kings should live reciting every day the three Vedas, acquiring wealth and performing sacrifices with the wealth so acquired. As water flows in every direction from the swollen ocean, so wealth runs in every direction from the treasuries of kings."

Its strength. We may now pass on to consider the merits and defects of the Indian attitude towards Economics and wealth. As in recent Economics, so in ancient Indian economic thought, the centre of activities is man, and not wealth. The study of the means of acquiring wealth constitutes a subject-matter of *Arthaśāstra.* The primary aims of Government are, in the words of Kauṭilya, "to make acquisitions, to keep them secure and to distribute them among deserving objects."[1] Another merit of the Indian attitude is the recognition of the interdependence of the different branches of

[1]अलब्धलाभार्थां लब्धपरिरक्षणी,
रक्षितविवर्धनी, वृद्धस्य तीर्थेषु प्रतिपादनी च ॥
(*Ar. Śās.* I; 4; p. 9.)

knowledge. The Indian view realised vividly the unity of knowledge and the relativity of scientific truths, particularly the conclusions of any one science taken by itself and not considered as part of a coherent self-contained philosophical system. Logic (*ānvīkṣikī*) and experience (*vārtā*) are to go hand in hand in the organisation of Life's activities.

Self-contained Schools of Philosophy.

We have already seen how these fundamental ideas resulted in producing marked divergences of opinion in regard to the character and content of the different *vidyās,* and in creating discussions in regard to the relative importance of the different branches of knowledge and the ends of life. It was natural that in a period of intense scholastic rivalry and dialectic activity, this should lead to the formation of innumerable schools in philosophy and religion, as well as in many branches of secular knowledge. It is hardly possible on this occasion to expatiate upon this fascinating theme. In lectures on "Ancient Indian Polity", which I delivered in 1914, before my own University, I tried to develop this aspect of the co-ordination and the synthesis of different sciences and arts, by each school of thought so as to create a coherent and complete scheme of study which would fit in with the traditional comprehensive classification of the four *Vidyās.* To these I may now be permitted to refer.[1] It is probably why we find not merely individual writers referred to in the philosophical and secular branches of knowledge, but schools of such writers, *e.g.,* Uśanas, Bṛhaspati, Bharadvāja, Parāśara, Viśālākṣa, etc. The evolution of complete schemes of philosophy in which a place is found for every secular and social science, we are accustomed to associate with such names as those of Aristotle and Herbert Spencer.

[1] *"Some Considerations on Ancient Indian Polity,"* 1916, pp. 26-27 and 119-120.

What is, or has been in this respect an occasional or unique achievement in the West, appears to have been an ordinary feature of Indian thought, and the natural sequel to the organisation of all knowledge under four great categories and their affiliation to the four great ends of life and human endeavour (*puruṣārtha*). This would account for the circumstance that, as secular opinion varied, the doctrines inculcated in the social sciences by particular schools also underwent corresponding changes, and a necessity to vary the metaphysical sanctions or bases of those secular sciences also arose. As an instance in point, reference might also be made to the manner in which *Anvīkṣikī,* which was defined as the philosophical background of all knowledge, was subsequently identified by some schools with particular systems of philosophy, harmonising with the bias of those schools.

This organisation of thought in schools and the attempt to frame complete systems must have had a good effect in promoting discussion and research and multiplying treatises, as well as in bringing about greater consistency in the opinions of schools than would otherwise have been possible. Progress through variety became in this way a pronounced feature of intellectual advance in ancient India. The scholastic organisation, the predilection to compose treatises, the atmosphere of free discussion and official patronage by kings, in whose education the circles of sciences had a large and vital share, must all have combined to help the preservation and the diffusion of the doctrines of these different schools. This must undoubtedly have led in the first instance to a great number of treatises and ultimately to the wholesale absorption of economic and political opinions in rival schemes of philosophy, such as we find in the later portions of the *Mahābhārata.*

Certain defects, however, flowed from the old Indian attitude towards knowledge generally and to economic thought particularly. For instance, we do not come across any such passionate pleas in ancient Indian literature, as we find for example in ancient Greek literature, for pursuing scientific truth for its own sake. The attempt to form comprehensive systems restricted the scope for specialisation. The existence of rival schools led to dogmatism, academic contention and to innumerable silent borrowings, obscuring the traces of authorship and the ancestry of opinion. Official patronage insensibly tended to the exaltation of the office and the powers of kings and governments, and resulted in such extraordinary declarations as "the King is maker of the age," (*Rājā Kālasya Kāraṇam*)[1], and to the sub- Its defects.

[1] *Mahābhārata, Śāntiparva,* ch. 69, sl. 116-119:

कालो हि कारणं राज्ञो राजा कालस्य कारणम् ।
इति ते संशयो मा भूद्राजा कालस्य कारणम् ॥
दण्डनीत्या यदा राजा सम्यक्कात्स्न्येंन वर्तते ।
तदा कृतयुगं नाम कालः श्रेष्ठः प्रवर्तते ॥ ११७ ॥
दण्डनीतिं परित्यज्य यदा कात्स्न्येंन भूमिपः ।
प्रजाः क्लिश्नाति-अयोगेन प्रवर्तेत तदा कलिः ॥
राजा कृतयुगस्रष्टा त्रेताया द्वापरस्य च ।
युगस्य च चतुर्थस्य राजा भवति कारणम् ॥

See *ibid.*, ch. 67, 40:

न हि जात्ववमन्तव्यो मनुष्य इति भूमिपः ।
महती देवता हि-एषा नररूपेण तिष्ठति ॥

Compare also the invocation to Viṣṇu, incarnating as the King, in Kāmandaka's *Nitiśāra,* I, 1:

यस्य प्रभावाद्भुवनं शाश्वते पथि तिष्ठति ।
देवः स जयति श्रीमान् दण्डधारो महीपतिः ॥

See also *ibid.*, I, 9 ff.:

राजास्य जगतो हेतुर्वृद्धेर्वृद्धाभिसंमतः ।
नयनानन्दजननः शशाङ्क इव तोयधेः ॥

ordination of scientific ends and doctrines to political purposes and exigencies. We shall see the effects of these tendencies when we come to questions of public finance. The dominance of metaphysical and political hypotheses, in regard to the origin and the end as well as the functions and the nature of man, and to the relation between secular and spiritual ends, might account for the insensible modifications in economic doctrines made to suit hypotheses. But, as will be seen in the course of the subsequent lectures, the advantages have been in excess of the defects, and our old Indian economic thought was to attain a degree of accuracy and thoroughness, which Economics was not destined to attain in the West, till it had passed through centuries of laborious and hampered development.

Comparison of old Indian and Greek Economic Thought.

It has been customary to compare the scientific thought of an ancient people with that of other ancient peoples, who are supposed to share the primitiveness and simplicity supposed to be characteristic of both. It might perhaps be helpful if we followed this practice. We have recently had in English some acute studies of ancient Greek economic thought.[1] According to the most competent of these expositions the five characteristics of ancient Greek economic thought were: its simplicity, its confusion of public and private economy, its mixing up Economics, Ethics and Politics, its ascetic tendency and its socialistic trend. A study of our old economic thought reveals, on the other hand, its opulence

यदि न स्यान्नरपति: सम्यङ्नेता ततः प्रजा ।
अकर्णधारा बलवाद्विप्लवेत-इह नौरिव ॥
पर्जन्य इव भूतानाम् आधारः पृथिवीपतिः ।
विकलेऽपि हि पर्जन्ये जीव्यते न तु भूपतौ ॥

[1] *Cf.* A. A. Trever, *A History of Greek Economic Thought* (University of Chicago), and Laistner, *Greek Economics* (Dent, 1923).

rather than its poverty, and its complexity rather than its simplicity. The confusion of public and private economy and the tendency to socialism, which arose in Greece from the exaltation of the *polis* and the subordination of the individual to the State, have no clear parallel in ancient India, where individual rights have been recognised and enforced equally in the ethical, political and economic spheres, with those of the philosophical and religious. Indian economic thought is part of a great scheme in which ethics, jurisprudence and politics have all a place, but, the confusion of Economics, Politics and Ethics which we find even in Plato has no parallel in the writings of the best Indian economists. As in modern times, Indian thought recognised the interdependence of knowledge. As in Greece, our economists emphasised the problems of consumption and distribution, in preference to problems of production and exchange. India has undoubtedly been even more receptive of ascetic ideals than Greece. But, unlike the Greek, the Indian had neither an inborn pessimism nor a sterility of soil and a low standard of productive activity. As we shall see later on, our economists had no hesitation in condemning asceticism, and even in suggesting punishments for those who sought to run away from their duties to find a refuge in the ascetic orders.[1]

[1] See *Kauṭilīya*, II, 19:

पुत्रदारम् अप्रतिविधाय प्रव्रजतः पूर्वः साहसदण्डः; स्त्रियं च प्रव्रजयतः ॥

and *ibid.*, III, 20 (p. 199, Mysore edn.):

आजीवकादीन् वृषलप्रव्रजितान् देवपितृकार्येषु भोजयतः शत्यो दण्डः ।

Kauṭilya, like Yājñavalkya, covertly attacks the Buddhist and heretical sects, which popularised asceticism among men and women of the *Śūdra* or industrial caste, e.g., *Yājñavalkya*, II, 235 ff.:

शूद्रः प्रव्रजितानां च दैवे पित्र्ये च भोजकः ।
पितृपुत्रस्वसृभ्रातृदम्पत्याचार्यशिष्यकाः ।
एषाम् अपतितान्योन्यत्यागी च शतदण्डकः ॥

In a later lecture, reasons will be advanced to show that, while in ancient India the State was invited to undertake, and actually undertook, many functions which socialists, ancient and modern, have advocated, yet these went hand in hand with an enlargement of individual rights and freedom, and with the growth of a type of economic organisation, which curbed the progress of socialism in its less reputable and less justifiable aspects.

Indian and Chinese Economics.

A comparison of the position of a great economist like Kauṭilya and a representative creative economist like Confucius might not be unprofitable.[1] Confucius was born in 552 B.C., roughly two centuries ahead of the great Indian economist. Kauṭilya, like Confucius, was a great administrator and a great teacher. It was said of Confucius that he was anxious to secure political authority only in order to reform the Chinese world, and that he even considered it justifiable to accept the invitation of rebels so as to secure this object. The attitude of the Chinese sage might prove of interest to those who have occasionally derided Kauṭilya as a freak —as an Indian Bismarck.[2] As compared with Confucius, Kauṭilya had a more distinguished career as a politician and administrator. Both became premiers, Confucius at the age of 56 and Kauṭilya, if Indian traditions are to be believed, in early manhood. The curbing of the power of refractory barons, the strengthening of regal authority, the destruction of adulterine castles, and the suppression of demagogues, are regarded as the chief achievements of Confucius. These are curiously paralleled in Kauṭilya's career. The superiority of the Indian thinker to the Chinese, lies in Kauṭilya's greater practical-mindedness, the more thorough way in which

[1] *See* Chen's *Economic Principles of Confucius and his School,* 1911.
[2] *See* for example *Indian Antiquary* (1918), p. 158.

he welded theory and practice, and his virtual emancipation of economic and political theory from the domination of ethics and metaphysics. Even more than the Chinese sage, Kauṭilya was primarily an economist. Both were philosophers interested in many things, both were successful statesmen, and both endeavoured to base their practice on fundamental moral principles. There has however been this difference in their posthumous reputation: Confucius has been canonised as a saint while Kauṭilya has been stigmatised as an Indian Machiavelli.[1]

Indian Cameralism.

It has already been pointed out that while there is no single subject in India (*Vārtā, Arthaśāstra, Daṇḍanīti* and *Nītiśāra*) which corresponds to modern Economics, there are remarkable points of similarity in outlook, method and opinion between the political and economic thinkers of India and the Cameralists of modern Europe. Sir Jehangir Coyajee has in a brief essay[2] indicated some points of resemblance and contrast between Kauṭilya and some Cameralists. Old Indian Economists like Kauṭilya and Śukra stand above the bigger European Cameralists, as the latter tower over the predecessors of Adam Smith. This, with the range and intricacy of the subject, will justify a detailed study of Indian 'Cameralism'.

[1] Cambridge History of India, Vol. I, p. 490; B. K. Sarkar, *I. H. Q.*, Vol. II, p. 150; Winternitz, *Geschichte der Indischen Litteratur*, Vol. III, p. 523 f.; *contra* Kalidas Nag, *Les Theories Diplomatiques de L'Inde Ancienne*, p. 112 (1923); Dikshitar, *Kauṭalya and Machiavelli*, *I. H. Q.*, Vol. III, pp. 176-180.

[2] *Bengal Economic Journal*, 1919.

LECTURE II

Postulates of Ancient Indian Economics

We may now proceed to deal with some of the basic assumptions and implications of our old economic thought and to exhibit the foundations on which it is built. Students who, at the present day, are asked to accept the relativity of economic laws as a fundamental maxim of the science will realise the value of this postulate if they first survey the history of economic thought during the last century. The story of the storm which raged round the validity of the teachings of the classical school of English economists, beginning with Ricardo, should prove a warning to those who would attempt to study the economic theories and practice of India, whether of the past or of the present, without first guarding themselves against causes similar to those which led to that storm. After the indiscriminate zeal of his disciples had carried the doctrines of Ricardo to lengths, which revealed both their ignorance of his premises and their abuse of his logic, it was left to writers like Bagehot and Dr. Marshall to rehabilitate Ricardo's theories and to demonstrate their validity on the hypotheses which he had implicitly assumed.[1] This is why economists to-day define an "economic law" as a statement of *tendencies,* that is, a statement that a certain course of action might be expected under certain conditions from

Need to state postulates in Economics.

[1] See W. J. Ashley, 'The Rehabilitation of Ricardo' (*Economic Journal,* 1891, pp. 474-489) and A. Marshall, *Principles of Economics,* Vol. I, pp. 561-570, as well as W. Bagehot, *Postulates of English Political Economics,* 1885.

the members of an industrial group. We now recognise that all scientific doctrines are in a sense hypothetical, since they assume either tacitly or avowedly certain conditions under which alone they are valid. After the clarion warning of Dr. Marshall, it would be foolish if economists neglected to emphasise the implied conditions of the science. The consideration of the postulates of ancient Indian Economic thought is necessitated as much by their essentialness to the correct understanding of our old theories, in relation to the environment in which they arose and the implied limitations under which alone they could be held valid, as by the need to bring out the fundamental unity which underlies, in spite of differences of race, time and longitude, all sound economic thought, whether of ancient India or of modern times. The errors into which his followers were led by the injudicious application of the teachings of Ricardo, when they overlooked fundamental assumptions which underlay his arguments, such as the mobility of labour and capital, the universal prevalence of competition, and the predominance of enlightened self-interest, should make us cautious lest, in our study of ancient Economic thought, we are led away by similar omissions into similar errors. If we fail to make this preliminary exposition of the foundations of ancient Indian Economic thought, we shall not merely fail to appreciate what is sound in our old theories, and thereby do injustice to thinkers like Kauṭilya and Śukra, but we shall also lose such advantage as may be derived by bringing to the inductive study of Economics the mass of data that could be gathered from the economic practice of our ancestors.

Danger of the omission.

The economic thought of any country or age is largely the reflex of the life of the people of that age or country, and the economic life of any people or epoch

thought illustrated.

is again conditioned very largely by their natural and social environment. The physical background of Indian Economics, in the past, could hardly have been very different from what it is at present. For instance, the dependence of our agriculture on the monsoons and on the water supply will explain not merely the emphasis laid by the governments of the present day on the provision of vast schemes of protective irrigation, but they will show how, in ancient India, the provision of similar works of utility was justified as much by economic statesmanship as on spiritual grounds, like the belief in the merit accruing to those who provide such works.[1] It will account for the rules laid down by Kauṭilya and Śukra, compelling rural bodies to maintain in an efficient condition the irrigation tanks and channels of villages, and the stringent penalties in the ancient criminal law for damaging dikes, embankments and works of irrigation generally.[2] It will explain the popular acquiescence

The importance of irrigation works

[1] Cf. *Likhita Smṛti* and *Laghu Śaṅkha Smṛti*:

इष्टापूर्ते तु कर्तव्ये ब्राह्मणेन प्रयत्नतः ।
इष्टेन लभते स्वर्गं पूर्ते मोक्षमवाप्नुयात् ॥ १ ॥

एकाहमपि कर्तव्यं भूमिष्ठम् उदकं शुभम् ।
कुलानि तारयेत् सप्त यत्र गौर्वितृषी भवेत् ॥ २ ॥

वापीकूपतडागानि देवतायतनानि च ।
पतितान्युद्धरेद्यस्तु स पूर्तफलमश्नुते ॥ ४ ॥
अधिकारी भवेत् शूद्रः पूर्ते धर्मे न वैदिके ॥ ६ ॥

[2] Cf. *Kauṭilīya* (Mysore edn., p. 47), II, 1:

सहोदकम् आहार्योदकं वा सेतुं बन्धयेत् । अन्येषां वा बध्नतां भूमिमार्ग-वृक्षोपकरणानुग्रहं कुर्यात् ।

Ibid., IV, 10 (p. 227):

उदकधारणं सेतुं भिन्दतः तत्रैवाप्सु निमज्जनम् । अनुदकमुत्तमः साहसदण्डः । भग्नोत्सृष्टकं मध्यमः ।

in such encroachments on individual liberty as are implied in the levy of compulsory labour (*viṣṭi*) for the construction and maintenance of reservoirs and tanks, the excavation of channels and the erection of irrigation dams. It will show why so much importance is attached by *Arthaśāstra* to the maintenance of an attitude of reverential submission towards superhuman agencies, believed to regulate good harvests and seasonal rains.[1] Another illustration of the silent influence of natural environment on our old economic theory and practice may be found in the importance attached to stock-raising, which was advocated by arguments of expediency and piety, appealing to all castes and orders, and which stressed the duty of the humane treatment of cattle.

and of *Vārtā*.

Of the three original divisions of *vārtā*—agriculture, cattle-rearing and trade—the second was deemed the most important. This is intelligible. In the earlier

Sukranīti, IV, iv, 125-128:

कूपवापीपुष्करिण्यः तडागाः सुगमास्तथा ।
कार्याः खाताद्द्वित्रिगुणविस्तारपदधानिकाः ॥
यथा यथा ह्यनेकाश्च राष्ट्रे स्याद्विपुलं जलम् ।
नदीनां सेतवः कार्या निबन्धाः सुमनोहराः ।

Kauṭilīya, II, 1, p. 47:

संभूय सेतुबन्धादप्रकामतः कर्मकरबलीवर्दाः (पुण्यस्थानारामाणां च) कर्म कुर्युः । व्ययकर्मणि च भागी स्यात् न चांशं लभेत ॥

Manusmṛti, IX, 279 and 281:

तडागभेदकं हन्यादप्सु शुद्धवधेन वा ।
यद्वापि प्रतिसंस्कुर्याद्दाप्यस्तूत्तमसाहसम् ॥
यस्तु पूर्वनिविष्टस्य तडागस्योदकं हरेत् ।
आगमं वाप्यपां भिन्द्यात् स दाप्यः पूर्वसाहसम् ॥

So also *Yājñavalkya*, II, 278, and Śaṅkhalikhita, Kātyāyana and Viṣṇu, as quoted in *Vivādaratnākara* on pages 365, 367 and 360 respectively.

[1] *Kauṭilīya*, p. 118.

ages, the absence of other convenient form of wealth, and the facilities afforded by the vast areas of forest and pasture lands, dictate cattle rearing. Cattle ranges are naturally fitted for arid tracts, or for areas, which are liable to seasonal verdure and seasonal drying up. The only way in which human food can be produced from such areas is to use them for pasture, and thereby convert the fodder of the areas into milk and other valuable forms of human food. Experiments on the feeding of animals conducted in recent times have shown that for every hundred pounds of digestible organic matter in an animal ration, the dairy-cow, of all animals, produces the maximum quantity of edible food, besides other useful by-products. These will explain the special pleas for cow-protection (*gorakṣaṇa*)[1], which abound in ancient Indian literature, and the social consideration extended to those in charge of kine.

Social hypotheses.

Further illustrations can be furnished of the influence of the physical conditions of ancient India, firstly, on the economic life, and secondly, on economic theories. But, it is hardly necessary for the main argument to dilate upon the geographical and ethnic factors, which, by shaping the conditions in which our ancestors lived, indirectly served to mould their economic and social ideas. The case is however different in regard to the notions underlying the social ideas of the time. These may be roughly classified as coming under, or as due to, religious, metaphysical and political bias. These assumptions, both individually and collectively, exercised a comprehensive and penetrating influence, which extended to and beyond social life, and moulded the economic theories of the time.

[1]See, for instance, the *Brahmāṇḍa Purāṇa*, ch. 37.

Relation of *Vidyā* and *Varṇāśrama*.

In any analysis of the conditions under which our old economic thought arose, the first place should be given to the attitude of our economists towards Knowledge and its divisions. In the first lecture, an endeavour was made to show how our old economists accepted without hesitation the ancient doctrines of the unity of Knowledge (*Vidyā*) and its four-fold division into Religion, Philosophy, Politics and Economics, their practical-minded indifference to the rivalry of science and art, their belief in the mutual interdependence of all branches of knowledge and of all forms of creative effort, their recognition of the correspondence and affinity between the four-fold divisions of Knowledge (*vidyā*) and the four-fold division of the people (*varṇa*), the four-fold divisions of the stages of life (*āśrama*) and the four-fold division of the ends of existence (*puruṣārtha*), and their realization of the paramount need for the harmonious co-operation of all human effort for the purpose of attaining the highest immediate material benefit and ultimate spiritual ends. Further, it has been shown why the respective provinces of *Vārtā* and *Daṇḍanīti* frequently overlapped, and why the former came to be a comprehensive title for a group of specialised studies, some of which were to be found among the crafts (*kalā*), whether we take the number of these to be 32, as Śukra does, or 64 as Vātsyāyana lays down.[1]

Character of extant treatises on *Vārtā*.

From all this, it would be seen why such works on *Vārtā* as have survived relate to technical craftsmanship rather than to the economics of industry and trade as a whole. It is unfortunate that among the works, which have apparently perished, should be those mentioned by

[1] *Śukranīti,* IV, iii, 41-129 and *Kāmasūtra,* I, iii, pp. 34-36 (Bombay edn.).

Śaṇkarārya,[1] the commentator of the *Nītisāra* of Kāmandaka, *e.g.*, the works on agricultural economics, ascribed to the sages Gautama and Śālihotra, and the treatise on commerce composed by Videharāja.[1] It is not clear whether the *Kṛṣisaṅgraha* of Parāśara (printed in Calcutta) is identical with the work on agricultural economics referred to by this commentator and by Bhaṭṭasvāmin, the commentator on the *Kauṭilīya*.[2] Such works on *Vārtā*, as have so far been published, relate only to its sub-topics. Among them may be mentioned the *Yukti-kalpataru* of King Bhoja, *Kṣetra-prakāśa*, *Mayamata*, *Śilparatna*, *Samarāṅgaṇa-sūtra* and *Vāstu-vidyā*, which deal with architecture in its various divisions. Manuscripts of special divisions of *Vārtā* exist, which treat of botany (*Sasyānanda*), forestry (*Vṛkṣāyurveda*), naval architecture and navigation, metallurgy and meteorology. Readers of Kauṭilya's *Arthaśāstra*[3] and Śukra's *Nītisāra* might be able to recognise the manner in which the subject-matter of such special studies has been drawn upon and used in those treatises.[4]

Influence of philosophical hypotheses on Economic thought.

The bearing of philosophical ideas, which were current in ancient India as a large common fund of thought, "which like language belonged to no one in particular, but was like the air breathed by every living and thinking man"[5], on the rise and development of

[1] In his commentary on Kāmandaka's *Nītisāra*, II, 14.

[2] In his commentary on *Kauṭilīya*, II, 24, p. 134 (ed. Jayaswal and Banerji Sastri).

[3] The extraordinary knowledge of the details of many crafts and ways of bringing up animals, etc., displayed in Book II (Adhyakṣapracāra) might indicate borrowing from special treatises.

[4] See the lists of available manuscripts and printed books on *Vārtā* given by Dr. Narendranath Law in his *Studies in Indian History and Culture*, 1925, pp. 384-402.

[5] Max Müller, *Six Systems of Indian Philosophy*, pp. 104-112.

systems of economic as of metaphysical theory, has next to be considered. Many years ago, Max Müller drew attention to this common background, or common basis, of all our extant systems of religion and philosophy. Since he wrote in 1899, the debt of our *Darśanas* to this common fund of philosophical ideas has been more fully revealed. But, what has not been made fully apparent as yet is the bearing of ideas like *saṁsāra* (metampsychosis), *karma* (immortality of the soul), and the infallibility of the Veda on the development of economic theories. The ideas of the immortality of the soul and its ceaseless pilgrimage from existence to existence explain the vivid feeling of individual responsibility for one's own actions. Such beliefs helped to link up economic activity with ethical and religious ideals. The doctrine of the infallibility of the Veda is implied in the important position given to revealed knowledge (*trayī*) in the scheme of regal and Brahmanical studies, laid down by our *Dharmaśāstras* and *Arthaśāstras*. It may be not without significance that the enfranchisement of individual property, the evolution of the right of inheritance among sons, and the basing of both proprietary rights and the claims for inheritance upon the absence of religious or spiritual disability, and the limitation of the king's authority in order to safeguard the proprietary rights of individual cultivators, as explained in the later *Smṛtis* and *Dharmaśāstras*, are due to this doctrine of the infallibility of the Veda.[1] For, any institution or principle, for which a precedent is discovered in the Veda, becomes sanctified by its association with the Veda; and, by that circumstance, it is raised above controversy, except for those who either

Final authority of Śruti.

[1] See J. Jolly, *Hindu Law and Custom*, 1928, chs. II and III, and *History of Hindu Law*, 1880, Lectures 6, 7, 8 and 10; K. P. Jayaswal, *Manu and Yājñavalkya*, 1930, Lectures 10 to 12; and *Vedic Index*, by A. A. Macdonell and A. B. Keith, 1912, *passim*.

ignore or challenge the authority of the Veda itself, as *e.g.*, the *Lokāyatas*, the Jains and the Buddhists. Even these unorthodox groups (while rejecting their *śāstraic* sanction) acquiesced in the conclusions derived from such assumptions, perhaps because they were already universally accepted by the people.

Doctrine of *Karma*.

The influence of the doctrine of Karma on Indian Economic thought is even more clear. For example, Śukra, a most acute writer, is a firm believer in Karma, like most people of his age. "Karma alone," says he,[1] "gives rise to good and bad conditions on this earth; the deeds done in a previous birth (*prāktana*) are themselves nothing, but Karma. Who can even for a moment exist without Karma?" Śukra explains[2] the four-fold division of Hindu society, and the division between Aryan and 'barbarian', as due not to the accident of birth but to the quality of their respective Karma (*guṇakarmabhiḥ*). In another context[3] Śukra maintains that everything happens as pre-determined by one's Karma, and that the attraction of virtue and vice to different types of individuals is also due to the inexorable law of Karma, dictating the fulfilment of the deeds of a previous birth. Even regal authority is based by

[1]*Śukranīti*, I, śl. 37:

कर्मैव कारणं चात्र सुगतिं दुर्गतिं प्रति ।
कर्मैव प्राक्तनमपि क्षणं किं कोऽस्ति चाक्रियः ॥

[2]*Ibid.*, I, śl. 38:

न जात्या ब्राह्मणश्चात्र क्षत्रियो वैश्य एव च ।
न शूद्रो न च वै म्लेच्छो भेदिता गुणकर्मभिः ॥

[3]*Ibid.*, I, śl. 45-46 *et seq*:

प्राक्कर्मफलभोगार्हा बुद्धिः संजायते नृणाम् ।
पापकर्मणि पुण्ये वा कर्तुं शक्तो न चान्यथा ॥
बुद्धिरुत्पद्यते तादृक् यादृक् कर्मफलोदयः ।
सहायास्तादृशा एव यादृशी भवितव्यता ॥

Divine right of Kings.

Śukra on Karma.[1] Sovereignty, he explains, is the fruit of austerities (*tapas*) done by the king in a previous birth. A monarch owes his position to his acquired merit (*Karma*). Śukra even varies[2] a familiar saying of Manu, so as to make it fit in with the doctrine that the king becomes the lord of both the movable and immovable world merely through his own good action (*karma*), absorbing for that purpose the eternal principles of the eight guardians of the universe (*Lokapālas*). It will thus be seen that even the Divine Right theory of Kingship, which Śukra accepts, in common with all the politicians of the age of the Brahmanical revival, commencing from the second century B.C., is affiliated to, if not actually derived from, a faith in Karma.[3] The wide-

[1]*Śukranīti*, I, śl. 72:

जङ्गमस्थावराणां च ह्रीशः स्वतपसा भवेत् ।
भागभाग्रक्षणे दक्षो यथेन्द्रो नृपतिस्तथा ॥

[2]*Ibid.*, śl. 73-77.

[3]The Divine Right theory appears prominently in *Manusmṛti*, VII, 3-13, cited below. Mr. K. P. Jayaswal—(*Manu and Yājñavalkya*, 1930, pp. 96-99)—contends that the theory was opposed to tradition and was propounded by Sumati (the author of the extant *Manusmṛti* according to Mr. Jayaswal) to support Puṣyamitra Śuṅga, the usurper, and his dynasty. He regards the injunction in *Manusmṛti*, VII, 202, to instal as King over a conquered tract a scion of the old dynasty, as an assertion of 'legitimacy in politics'. He attributes the growth of fatalism in politics to the influence of Buddhism and its popularisation of the theory of Karma.

अराजके हि लोकेऽस्मिन् सर्वतो विद्रुते भयात् ।
रक्षार्थमस्य सर्वस्य राजानमसृजत् प्रभुः ॥ ३
इन्द्रानिलयमार्काणामग्नेश्च वरुणस्य च ।
चन्द्रवित्तेशयोश्चैव मात्रा निर्हृत्य शाश्वतीः ॥ ४
यस्मादेषां सुरेन्द्राणां मायाभ्यो निर्मितो नृपः ।
तस्मादभिभवत्येष सर्वभूतानि तेजसा ॥ ५
तपत्यादित्यवच्चैष चक्षूंषि च मनांसि च ।
न चैनं भुवि शक्नोति कश्चिदप्याभिवीक्षितुम् ॥ ६

spread character of the belief will also explain, firstly, the meek acquiescence in the established social order, divisions and positions; secondly, the recognition of the right of every individual to discharge such duties as appertained to his station in life; and thirdly, the general distrust of anarchical or revolutionary theories of society proposing the wholesale alteration of the caste and class divisions of the ancient Indian social order.

The hedonism of Bṛhaspati.

It may be mentioned in passing that the ancient sceptical school of Bṛhaspati, which is probably identical with the school of the name, cited by Kauṭilya as a special branch of the recognised scheme of metaphysical studies (*ānvīkṣikī*), enunciated (along with its affirmation of *dis*belief in the immortality of the soul, the infallibility of the Vedas and the necessity for *Varṇāśramadharma*,) a crude hedonism, which, under other circumstances, might have been developed and popularised, so as to substitute a secular for the religious and metaphysical background of our old economic

सोऽग्निर्भवति वायुश्च सोऽर्कः सोमः स धर्मराट् ।
स कुबेरः स वरुणः स महेन्द्रः प्रभावतः ॥ ७
बालोऽपि नावमन्तव्यो मनुष्य इति भूमिपः ।
महती देवता ह्येषा नररूपेण तिष्ठति ॥ ८
एकमेव दहत्यग्निः नरं दुरुपसर्पिणम् ।
कुलं दहति राजाग्निः सपशुद्रव्यसंचयम् ॥ ९
कार्यं चावेक्ष्य शक्तिं च देशकालौ च तत्त्वतः ।
कुरुते धर्मसिध्यर्थं विश्वरूपं पुनः पुनः ॥ १०
यस्य प्रसादे पद्मा श्रीर्विजयश्च पराक्रमे ।
मृत्युश्च वसति क्रोधे सर्वतेजोमयो हि सः ॥ ११
तं यस्तु द्वेष्टि संमोहात् स विनश्यत्यसंशयम् ।
तस्य ह्याशु विनाशाय राजा प्रकुरुते मनः ॥ १२
तस्माद्धर्मं यमिष्टेषु संव्यवस्येन्नराधिपः ।
अनिष्टं चाप्यनिष्टेषु तं धर्मं न विचालयेत् ॥ १३

and political theories. The reasons for the failure of this school to influence the minds of the people has to be sought, mainly in its own inconsistency and its crudeness, to judge it by the solitary citation from the text-book of the school which has survived.[1]

Justification of the State. Its necessity.

On a mixture of religious, political and economic grounds, the necessity for the State, or at least for a permanent form of social organization, is repeatedly affirmed in all our literature. As a matter of fact, ancient Indian Economics *starts* with the fundamental assumption that the State is a necessity. If we separate the adventitious accretions made to this idea in later writings, by the substitution of 'Monarch' for the 'State', we shall find that, from our earliest literature down almost to the threshold of our own times, there runs through the stream of Indian thought the repeated affirmation of the need of the State, the political community and group organisations. We may even say that organisation in groups, for the greater efficiency of the members and for their greater mutual security, is deemed as in no way inconsistent with such views as that a 'king can do wrong and can therefore be removed or killed', or that 'an administration can be overturned,'

[1] See Max Müller—'*Six Systems*'; pp. 94-104; also pp. 2-15 of *Sarvadarśana Saṁgraha* (ed. V. S. Abhyankar, 1924). The following texts are illustrative of the teachings of the School:

त्याज्यं सुखं विषयसंगमजन्म पुसां
दुःखोपसृष्टमिति मूर्खविचारणैषा ।
व्रीहीञ्जिहासति सितोत्तमतण्डुलाढ्यान्
को नाम भोस्तुषकणोपहितान् हितार्थी ॥
अग्निहोत्रं त्रयो वेदास्त्रिदण्डं भस्मकुण्ठनम् ।
बुद्धिपौरुषहीनानां जीविका धातृनिर्मिता ॥
यावज्जीवेत् सुखं जीवेत् ऋणं कृत्वा घृतं पिबेत् ।
भस्मीभूतस्य देहस्य पुनरागमनं कुतः ॥

or that 'a particular form of political machinery or any political conditions can be altered.' The Indian mind viewed with horror a condition of statelessness (*Arājatā*). As illustrations of this feeling, reference may be made to the laboured accounts to be found in our *Dharmaśāstras, Arthaśāstras* and *Nītiśāstras,* as well as in canonical Buddhist literature, to the origin of the State, and of sovereignty, in a social compact, and to the confusion of the pre-State epoch, which led to the erection of a government by compact, or to the creation of a ruler by the Supreme Being.[1] In a famous chapter of the *Śāntiparva* of the *Mahābhārata,* Bṛhaspati (the eponymous founder of the *Lokāyata* school) describes in vivid terms the misery of anarchy and the blessings that flow from monarchy. "The duties of the subjects have their root in the king. That people did not devour one another is due to the fear of the king only. As fish in shallow waters and birds in the air would engage in internecine quarrels and perish, so would people die without a king. They would sink into utter darkness, like cattle without a herdsman, if there was no king to afford protection. No sense of *mine* or *thine* (*i.e.,* property) will exist without a king, and neither wife nor child nor wealth can be possessed. Everywhere there would be theft. Virtue will be assailed and vice will prevail. There would be neither disapproval of adultery nor the practice of legitimate pursuits like agriculture and trade. The Vedas will disappear. Sacrifices will not be performed. Marriages and happy gatherings of people will cease." In the same context, it is added that, where a king exists and affords protection, people sleep with their houses open, women decked

Horror of anarchy.

[1]*Kauṭilīya,* I, 4; *Mahābhārata,* XII, ch. 66 and 67; *Manusmṛti,* VII, 21; *Digha Nikaya, Agganna Suttānta,* III, p. 93; and *Mahāvastu,* ed. E. Senart, Vol. I, pp. 347-348.

Consequences of these implications.

in ornaments roam fearlessly on the highway, people practise virtue, the *Varṇāśramadharma* is duly maintained, and agriculture and commerce, which are the roots of worldly prosperity, do not go out of order. The elaborate description of the evils of anarchy is paralleled by a similar passage in the *Ayōdhyakāṇḍa* of the *Rāmāyaṇa*. The drift of such statements is that even for the bare existence of people, no less than for the safety of civil institutions, of morality, of science and of art, an organised polity, in the usual form of a monarchical State, is vital. The universal acceptance of this maxim will explain certain peculiarities of our old economic theory. Public Finance, for instance, though not a section of *Vārtā*, becomes an even more absorbing subject of economic and political speculation than the recognised sub-topics of *Vārtā*. All economic activities, despite the recognition of freedom of contract, of individual liberty and of the viciousness of such restraints of freedom as are not sanctioned by custom or by usage or by sacred law, are held to be conditioned by the necessity to subordinate everything to the maintenance of the State. Just as exemptions from *Varṇāśramadharma* rules, restricting castes to their traditional occupations, are granted in times of distress[1] as *apat-dharma*, so the dire necessity of the State is held to justify fiscal measures of even an arbitrary kind, which might ordinarily be condemned as contravening the rules of piety and morality.[2]

Indian Theories of Social Contract.

In considering the fundamental assumptions of old Indian economics, such aspects of the theory of Social

[1] See for such exemptions: *Apastamba,* I, 20, 10-21, 4; *Gautama,* VII, 1-26; *Vasiṣṭha,* II, 22-39; *Baudhāyana,* II, 4, 16-21; *Manusmṛti*, X, 81-98; *Viṣṇu,* II, 15, LIV, 18-21; *Yājñavalkya*, III, 35-40; *Nārada*, I, 56-60; and *Mahābhārata,* XII, ch. 263, 44-45.

[2] Note the devices to replenish the Treasury mentioned by Kauṭilya in Bk. V, ch. 2 of the *Arthaśāstra*. Cf. *Sukranīti,* IV, ii, 15-22.

Contract alone are relevant as furnish the accepted bases of economic life. The theories of Social Contract, which we find in Kauṭilya's *Arthaśāstra,* in *Manusmṛti,* in the *Mahābhārata* and *Śukranīti,* as well as in the Buddhist *Dīghanikāya* and *Mahāvastu,* have all the following common features. The original and natural condition of society was pre-political. In some cases, it was a happy condition; but in *most* it was one of confusion and of the war of every one against every other. In the picturesque metaphor of our literature, it provided facilities for a fish-like struggle for existence, in which the strong swallowed the weak. The ruling principle of this age was this doctrine of the survival of the physically most powerful (*Mātsyanyāya*).[1] This stage was succeeded by one in which a stable government was established by a Social Compact, entered into by the people between themselves, determining how they should respect their reciprocal rights. The governmental compact creating the State or Sovereign came later when this Social Compact failed. According to a variation of the theory, the government was created in the first instance itself. The creation of the government is attributed in the Buddhist versions of the theory to the election of a ruler by general consent (*Mahāsammata*). In the Brahmanical epics, it is attributed to a pact between the people and the *first* Manu, who was divinely inspired to undertake the duty of protecting the world. Manu was reluctant to accept the 'kingship of men', through a fear that their sins would lie heavily on him. The people quieted his apprehensions by undertaking to bear the burden of their own sinful acts. They also agreed to surrender a sixth of their earnings to Manu as remuneration for protection. A further

[1] *Cf.* Dikshitar, *Hindu Administrative Institutions,* ch. I, sec. III.

elaboration of the theory in the *Mahābhārata* made out that a wicked king named Vena, seventh in descent from the first Manu, was killed because of his tyranny, and his son Pṛthu was created through the spiritual merit of Brāhmanas, who pierced the right arm of Vena with *kuśa* grass. Pṛthu was then enthroned after taking the following coronation oath[1] (*Pratijña*):—"I will constantly protect the Earth in thought, word and deed. I will carry out the established laws in accordance with *Daṇḍanīti*. I will never act arbitrarily. The twice-born classes will never be punished by me, and I will save the world from the danger following the intermixture of classes (*Varṇasaṃkara*)."

and their implications.

The gist of all these theories is the justification of the State as an economic as well as a political necessity, since it was required for the purpose of securing peace and order. The continuance of the State in an efficient condition was therefore deemed to be a primary end of social and individual effort. It was not merely the duty of the king to ensure this, but that of every member of society. On the part of the king, this took the form of an obligation to live up to the prescribed regal ideals, upholding the *dharma* of individuals, castes, corporations and peoples, discharging properly his own personal duties as a protector, judge and sacrificer, and making himself personally responsible for all the sins and

Rights and obligations of kingship.

[1] The vow dictated to Pṛthu and taken by him is given thus in the *Mahābhārata*, XII, 58, śl. 115-117:

प्रतिज्ञां च–अधिरोहस्व मनसा कर्मणा गिरा ।
पालयिष्याम्यहं ब्रह्म भौमम् इत्येव चासकृत् ॥
यश्चात्र धर्म इत्युक्तो दण्डनीतिव्यपाश्रयः ।
तमशंकः करिष्यामि स्ववशो न कदाचन ॥
अदण्ड्या मे द्विजाश्चेति प्रतिजानीष्व चाभि भोः ।
लोकं च संकरात् कृत्स्नं त्रातास्मीति परंतप ॥

misfortunes of his subjects. The intimate connection between religious and civic ideals is illustrated by the belief in sacrifices (*yajña*) as the source of wealth. Since wealth was the source of life, life depended ultimately on sacrifices. As instances of this doctrine, we might refer to Kālidāsa's famous allusion to the manner in which King Dilīpa 'milked the earth for the purpose of sacrifice and Indra milked the heavens for fertilising rains',[1] and the famous passage in the Gītā describing the cycle formed by food, rain, sacrifice and Karma.

State regulation of private lives.

This personal responsibility of the king for even seasonal vicissitudes explains the minute regulation and supervision of the details of life by the State, such as is enjoined by our *Dharmaśāstras* and *Arthaśāstras* and was actually in force, if we might credit the testimony of foreigners like Megasthenes. That this regulation of castes and conditions of life was not merely a religious or sacerdotal ideal but was actually carried out is evidenced by the social history of mediæval Hindu kingdoms down to the breakdown of the Maratha *rāj*. A typical illustration is given in a passage of the *Rājataraṅgiṇī* of Kalhaṇa, which refers to an incident which occurred about 918 A.D. "The king," states Kalhaṇa, "was ever ready to exercise control over the castes and conditions of life among his subjects. On discovering that at Cakramela, a Brahmin ascetic Cakrabhānu by name had departed from proper conduct, in accordance with Dharma, the king punished him by branding on

[1] *Raghuvaṁśa*, I, 26:

दुदोह गां स यज्ञाय सस्याय मघवा दिवम् ।
संपद्विनिमयेनोभौ दधतुर्भुवनद्वयम् ।

Bhagavad-gītā, III, 14:

अन्नाद्भवन्ति भूतानि पर्जन्यादन्नसंभवः ।
यज्ञाद्भवति पर्जन्यो यज्ञः कर्मसमुद्भवः ॥

his forehead the mark of a dog's foot."[1] Asoka's constant exhortation to his people to live morally and his frequent attempts to regulate even the trifling details of their private lives proceeded as much from the zeal to conform to the regal ideals of his day as from his own personal predilections.

Attitude towards Usury.

Occasionally it was possible to override a non-secular prejudice against a certain calling or pursuit if there was a strong economic necessity to do so. This is illustrated by the variety of opinion in regard to the loan of capital for interest. The lending of money for interest (*vṛddhi*) is known in our literature as "*kusīda*". The popular attitude to the usurer is indicated in the sneer of the *Garuḍapurāṇa* that 'the usurer thrives even when all others perish', and from the famous statement of Bṛhaspati that the name *Kusīda* is derived[2] from the usurer exacting from his debtor four-fold or even eight-fold the principal sum lent without hesitation, even when the debtor is perishing. Nevertheless, no such antagonism to the lending out of capital for interest arose in ancient India as in

[1] *Rājataraṅgiṇī*, VI, 108-109:

वर्णाश्रमप्रत्यवेक्षा बद्धकक्ष्यः क्षितीश्वरः ।
चक्रभान्वभितं चक्रमेलके द्विजतापसम् ॥
कृतात्याचारमालोक्य राजधर्मवशंवदः ।
निजग्राह श्वपादेन ललाटतटमङ्कयन् ॥

Branding on the forehead the figure of a dog is the prescribed punishment only for theft. Cf. *Manusmṛti*, IX, 237 and 240; *Baudhāyana*, I, 18, 18; *Viṣṇu*, V, I, 8; and the verses from the law-books of Bṛhaspati, Nārada and Yama cited in *Vivādaratnākara*, pp. 634-637. Cakrabhānu's punishment for a *general* transgression was perhaps justified on some rule like the following of Āpastamba, II, 10, 27, 18-20:—

नियमातिक्रमणं ब्राह्मणम् अन्यं वा रहसि बन्धयेत्; आसमापत्तेः ; असमापत्तौ नाश्यः ।

[2] कुत्सितात् सीदतश्चैव निर्विशङ्कैः प्रगृह्यते ।
चतुर्गुणं वाष्टगुणं कुसीदाख्यम् ऋणं ततः ॥

mediæval Europe. The horror of usury in the latter is illustrated by Dante's well-known lines assigning to the same Hell the usurers of Cahors and sinners of Sodom.[1] In ancient India, interest is regarded as a normal *share* of the national dividend. In spite of the early prejudice against it, which survived in its name (*kusīda*), it became one of the recognised divisions of the study of *Vārtā*.[2]

Another hypothesis of our old Economics is the recognition of the freedom of the individual. Freedom is a logical corollary to the spiritual responsibility of the individual for his actions (*karma*). It is denoted, on the positive side, by the freedom for contract in ancient Indian society and the large space devoted to contract in Hindu legal treatises. Even persons of imperfect rights like women and slaves were, in certain circumstances, as competent as fully free persons to enter into valid agreements. A slave had the right to purchase his freedom.[3] Degrees of limited freedom were enjoyed under Hindu law by serfs, slaves and women, and in the earlier epochs by persons under *patria potestas*.[4] There was a graduation in the scale of liberty.

Individual freedom.

Derivation, implications, and limits.

Limited freedom.

Gautama, XV, 18 forbids the feeding of an usurer in a *Śrāddha*. *Manusmṛti* forbids a Brahman's eating food offered by an usurer (IV, 210 and 220).

[1] Cf. Dante's *Inferno*, Canto XI, Cary's translation:

"And thence the inmost round marks with its seal
Sodom and Cahors, and all such speak
Contemptuously of the Godhead in their hearts."

Cahors was a city of Guienne much frequented by usurers.

[2] E.g., *Śukranīti*, I, 310 and *Bhāgavata Purāṇa*, X, 24, 21.

[3] *Kauṭilīya* (p. 182, Mysore edn.):

आत्माधिगतं स्वामिकर्माविरुद्धं (दासः) लभेत । पित्र्यं च दायम् ।
मूल्यन च आर्यत्वं गच्छेत् ।

Ibid., p.183: न त्वेव आर्यस्य दासभावः ।

[4] See Jolly—*History of Hindu Law*, Lect. 4 and his *Hindu Law and Custom*, Eng. trans., pp. 166-176.

which even a free individual enjoyed, and which depended on his status (*e.g.*, pupil under a teacher), or his relation to others as fellow members of a group, *e.g.*, *Śreṇi*, *pūga*, *kula*, *saṅgha*, etc. Except perhaps in epochs of Brahmanical reaction, as for instance in the epoch of the Śuṅga empire, the mandatory provisions in the *Dharmaśāstras* regarding *Varṇāśramadharma* were seldom actually enforced in their rigor.[1] While occupation ordinarily followed caste, it is evident from the testimony of the great epics, the *Jātaka*,[2] and the lists of crafts given in Hindu and Buddhist literature, that a person born to one occupation could shift to another if he was unable to follow his hereditary calling or was attracted to another by inclination or talent. The chief effect of caste on profession was that it ensured to every one an occupation by birth. The horror of a mixture of castes (*varṇasaṁkara*), which is often expressed in vivid language in our literature, was not due to the fear of a confusion of caste occupations but to that of a racial mixture following the promiscuous intermingling of castes, within wedlock or without it. The conditions of the age naturally led to stressing the value of group organisation. Society was split up politically into small states, enjoying varying degrees of autonomy, and interludes of good government. Political boundaries were variable. The incitement to internecine war existed in many forms. The growth of a national feeling, following a permanent territorial settlement, was attended with great difficulty. Under such conditions, one way of protecting society against disruption was to emphasise the utility of class divisions and corporate organisations within society, and to enlist the support

Varṇasaṁkara.

Corporate bodies.

[1] See Jayaswal—*Manu and Yājñavalkya*, pp. 85-90.

[2] See *Jātaka* (Eng. trans., III, 401; IV, 84, 169, 207, 361, 363, 457; VI, 348, 364 and 369.

of public opinion and governments, in enforcing the rules of such groupings. This would explain the importance attached to caste and guild rules in our ancient societies, and the precepts in *Arthaśāstras* and *Dharmaśāstras* safeguarding the customs, practices and bye-law of castes, guilds, clans and communities generally, as if they were laws enacted directly by the Government.[1]

Status of women.

In connection with this question of economic freedom, we may glance at two features which may be regarded as normal to our ancient society. The first concerns the status of women, and the second that of slaves. The prominent features of the status of women in ancient Indian society are that, as in Rome, a woman is in law never independent, though she has the right of separate property.[2] The power of women to bestow gifts, and to sell property existed and is variously explained. All or some women are free from taxes. A

[1] *Kauṭilīya*, III, 7 (p. 165); also *Manusmṛti*, VIII, 41:

जातिजानपदान् धर्मान् श्रेणिधर्मांश्च धर्मवित् ।
समीक्ष्य कुलधर्मांश्च स्वधर्मं प्रतिपादयेत् ॥

Cf. *Āpastamba*, II, 15, 1; *Gautama*, XI, 20; *Vasiṣṭha*, XIX, 7; *Baudhāyana*, I, 2, 1-8; *Viṣṇu*, III, 3; *Yājñavalkya*, I, 360, *Nārada*, I, 7; *Bṛhaspati*, I, 26, 30 and II, 26, 28 and *Śukranīti*, IV, V, 89-100.

[2] *Gautama*, XVIII, 1:

अस्वतन्त्रा धर्मे स्त्री ।

See also *Manusmṛti*, V, 147-149 and IX, 2-3; *Yājñavalkya*, I, 183, 186; *Viṣṇu*, 25, 4-6 and 13-14; *Śukranīti*, IV, 4, 11.

See Gurudoss Banerjee—*Hindu Law of Marriage and Strīdhana, passim*; Jolly—*History of Hindu Law*, pp. 76-81 and pp. 226-259 (history of female property) and Jayaswal—*Manu and Yājñavalkya*, pp. 225-235 and pp. 256-261. In Kauṭilya's time a wife could bring an action against her husband for assault and defamation, e.g., *Kauṭilīya*, III, 3 (p. 154):

'नष्टे विनष्टे न्यङ्गेऽपितृकेऽमातृके' इत्यनिर्देशेन (स्त्रियाः) विनयग्रहणम् । वेणुरज्जुहस्तानामन्यतमेन वा पृष्ठे त्रिराघातः । तस्यातिक्रमे वाग्दण्डपारुष्यदण्डाभ्याम् अर्धदण्डाः ॥ तदेव स्त्रिया भर्तरि ॥

Jayaswal ascribes to Buddhist influence the deterioration in the status of women. (*op. cit.* p. 232.)

woman without protectors becomes a charge upon the State. A knowledge of *Arthaśāstra* is open to women as well as to Śūdras, though both are shut out from a knowledge of the Vedas. Generally, the attitude towards women partakes of the healthy regard for the sex, which we may expect to be inherited from the Vedas. In the famous passage in the 46th chapter of the *Anuśāsana Parva* of the *Mahābhārata,* men are asked to show women all honour and consideration. The solidarity of the family is made to hinge upon its women. In picturesque language, women are referred to as the living goddesses of prosperity, to be cherished as Lakṣmī herself.[1] It is worth noting the salient points of difference between the old Indian attitude towards women and the comparatively lower position accorded to them upto recent times in the West.

Slavery.

Slavery is commonly regarded as one of the deviations from the general rule of individual freedom. Our *Dharmaśāstras* and *Arthaśāstras* detail elaborately the sources of slavery.[2] The chief economic feature of Indian slavery is that the slave is treated as a member of the family, is entitled to the inviolability of his person,

[1]Cf. *op. cit.*

पूज्या लालयितव्याश्च स्त्रियो नित्यं जनाधिप ।
स्त्रियो यत्र च पूज्यन्ते रमन्ते तत्र देवताः ॥ ५ ॥
श्रिय एताः स्त्रियो नाम सत्कार्या भूतिमिच्छता ।
पालिता निगृहीता च श्रीः स्त्री भवति भारत ॥ १५ ॥

[2]See Jayaswal, *Manu and Yājñavalkya,* pp. 116, 176, 180; 199; 203; 208, 209, 210, 257; 302 and 303. Āpastamba rules that even if a man can starve his wife and son, he cannot starve his slave (II, 4, 9, 11). Kauṭilya urges the King to compel owners of slaves to attend to their complaints (p. 47). He has a whole chapter on Slavery (Dāsakalpa, pp. 181-184) and rules that 'no *ārya* can be a slave'. He would fine an owner who has intercourse with his female slave (p. 230).

For slavery generally, see *Manusmṛti,* IV, 253-256; VIII, 66, 70; 180; 185; 363; 415-417 and IX, 55; *Nāradasmṛti,* V, 26-43 and *Śukranīti,* IV, v, 579.

and cannot be set to do menial and degrading work. Moral degeneracy and the degradation of manual occupations, which usually flow from compelling the slave to *all* hard work, were thus avoided in ancient India. The Indian slave was more a hereditary domestic servant than a slave in the western sense. He could purchase back his freedom, or could be set free by the simple ceremony of having a pot of water broken, when poised on his head. One way in which his servitude pressed on him was his inability to own property and to use his personal earnings. Such passages in our literature, as relate to the condition of Indian slaves, show clearly that the lot of the slave born in the owner's house was better than that of the hired free labourer. The Buddha discouraged slavery by ruling that no slave might be employed by monks.[1] Such slave risings as we come across in European history were impossible in ancient India, not merely because of the absence of the excesses, which disfigured western slavery, but because the universal belief in *karma* tended to make the slaves bear their lot with fortitude, if not with contentment. In India, new races formed new castes, and free races led to the growth of free castes. Slavery, therefore, in ancient India did not breed any race contempt, consequent on the subjection of men of one race to those of another, as it did in America. To a foreign observer, the condition of the slave in ancient Indian society would not appear as appreciably different from that of a freeman, and it might even seem distinctly better than that of free-born men, who were low in the social scale. It is therefore not to be wondered at that Megasthenes affirmed that slavery was unknown in India, that no Indian slave existed and that all Indians were free. The

[1]*Tevijja Sutta*, ch. 2, 9 trd. Rhys-Davids, *Buddhist Suttas*, Vol. I (*S.B.E.*, XI), p. 191.

importance of the slave in our ancient industrial and agricultural economy was duly appreciated. It is testified to by the elaborate rules on slavery in Kauṭilya's *Arthaśāstra* and the later Smṛti literature.

Private property.

The existence of private property, not only in movables but in land, is another postulate of our old Economics. In Vedic literature there is nothing to show that the community as such held any land.[1] What is known of Vedic society indicates that individual tenure of land was known as well as tenure by a family. The very ancient practice of branding cattle with marks of ownership denotes the existence of property right[2] in these forms of portable wealth. Even in Vedic times the evolution of the separate property of women had begun. In the oldest of our existing law books (*e.g.*, Gautama) *eight* sources of property or ownership are given, which later elaboration expanded to fifteen. Inheritance, purchase, partition, seizure, discovery, gift, gains of agriculture and trade, and conquest are among the recognised means of proprietary acquisition. As regards land, whether the individual possessed a right of absolute property or not as against the State,[3] he had clearly a right, which was transferable, saleable, and of a durable character, and was subject only to the eminent domain of the State, as denoted by his obligation to contribute to the public fisc and his submission in certain circumstances to the law of treasure trove. The right of property is, however, restrained in various ways. A *complete* property

[1] *Vedic Index,* I, pp. 245-246.

[2] *Ibid.*, p. 229; *Gobhila,* III, 6, 5; *Atharva Veda,* VI, 141.

[3] *Vyavahāra-mayūkha,* IV, 1. (Borrodaile's trn., Stokes's *Hindu Law Books,* p. 44; Mandlik's trn., p. 34.)

right implies the right to use, to alienate and to destroy.[1] In regard to certain forms of property, such as slaves, the right was much restricted by rules and by moral considerations. Alienation of land was similarly restrained in the earlier periods, but the restrictions were gradually relaxed, leaving only the right of pre-emption to a man's neighbours or to his village to purchase his land in preference to outsiders. As a matter of fiscal expediency, to which mediæval English history furnishes a parallel in the statutes of Mortmain, the alienation of taxable land to those who were personally tax-free was prohibited.[2] The full enjoyment of property, both movable and immovable, was likewise restricted by various sumptuary laws. The law of treasure trove limits the right of the owner of the land on which the treasure is discovered to only the larger *share* of the discovered treasure.[3] The rules of the ascetic orders, which the State undertook to enforce, laid further restrictions. In the first and last stages (*āsrama*) of the life of a man of the two highest castes, proprietary rights were practi-

[1] The laws (*Kauṭilīya*, p. 197; *Manusmṛti*, VIII, 285; *Yājñavalkya*, II, 227-9; and *Agnipurāṇa*, ch. 227, śl. 32 and ch. 258, śl. 25) against the needless destruction of valuable trees is no real limitation of the property in them.

[2] करदाः करदेषु आधानं विक्रयं वा कुर्युः । ब्रह्मदेयिकाः ब्रह्मदेयिकेषु ।
अन्यथा पूर्वः साहसदण्डः । करदस्य वा अकरदग्रामं प्रविशतः ।
(*Kauṭilīya*, III, 10, p. 171.)

[3] *Kauṭilīya*, IV, 1, p. 202:

शतसहस्रादूर्ध्वं राजगामी निधिः । ऊने षष्ठांशं दद्यात् ।

Manusmṛti, VIII, 35 and *Yājñavalkya*, II, 35 confirm this proportion. So does *Vasiṣṭha*, III, 13, and *Gautama* lays down (X, 42-44):

निध्यधिगमो राजधनम् । न ब्राह्मणस्य अभिरूपस्य ।
अब्राह्मणोऽप्याख्याता षष्ठं लभेतेत्येके ॥

A text of *Nārada* quoted in Candeswara's *Vivādaratnākara* (p. 643) says unequivocally:

राजगामी निधिः सर्वं सर्वेषां ब्राह्मणादृते ।

cally in suspense. The State's eminent domain extends to all forms of property, and is illustrated by the rejection of any right in the owner of a private property to maintain public nuisances[1], by the right of the State to levy cesses and fines, and to forfeit property in certain cases, and by the State's right to escheat ownerless properties of all but Brāhmaṇas.[2]

Value of group organisation.

The last important postulate of the ancient Indian Economics is the acceptances of group organisations, as normal forms of economic life. Such an organisation is not merely an ordinary feature of ancient Indian life, but it is the chief secret of its economic success, as it has been in the case of western civilisation in comparatively recent times. Economic combinations of various kinds are known from Vedic times. The extent of corporate activity is shown by the number of different expressions in vogue in our literature to denote groups of different types. We have for instance *"Śreṇi,"* which is defined by Medhātithi as "guilds of merchants, artisans, bankers, or Brahmins learned in the four Vedas,"[3] or by *Pāṇini* as "an assembly of persons following a common craft or trade and a common duty"[4]; *'Kula,'* which suggests a group united by the tie of kinship and which is frequently met with in Kauṭilya's time[5]; *'Gaṇa,'* originally an assemblage of families or a fraternity, but later a political corporation[6]; *'Pūga,'* an assemblage of a village or township, comprising

Śreṇi. *Kula.* *Gaṇa.* *Pūga.*

[1] *Kauṭilīya,* Bk. III, ch. 10. ..

[2] *Ibid.,* Bk. III, ch. 5, p. 161:

अदायकं राजा हरेत्, स्त्रीवृत्तिप्रेतकार्यवर्जम् । तत् त्रैविद्येभ्यः प्रयच्छेत् ।

[3] In his comment on *Manu,* VIII, 41.

[4] IV, 1, 170.

[5] *Nārada,* I, 7; *Vīramitrodaya,* p. 426 has:

कुलानां हि समूहस्तु गणः संप्रकीर्तितः ।

[6] *Yājñavalkya,* II, 230.

more than one *Śreṇi;* and *"Saṅgha,"* which is simply any association for the realisation of common ends. It is noteworthy that these group organisations[1] existed side by side with the caste divisions, and probably represented cross divisions and elaborations of the castes. Apart from the organisations of the type, whose permanence as guilds is indicated by their being made trustees and custodians of charitable endowments, we have references to co-operative enterprises (*Sambhūya-samutthāna*), and 'occasional' combines such as that of traders for the purpose of causing a rise or fall in prices, which Kauṭilya denounces.[2] We have abundant evidence in our literature in regard to the possession by these group organisations of definite constitutions and suitable administrative machinery. Besides these, there were schemes of associated enterprise.

Saṅgha.

'Combines'

The Craft and Merchant Guilds of India were organised on roughly the same lines as those of mediæval Europe. The regulation of the conditions of work, the rules of apprenticeship, and the control of the craftsmen, the maintenance of standards of work, the defence of common interests, and the punishment of the members for violation of craft rules are among the functions common to both. Their democratic character is signified by the provision that even the head of the guild might be punished if he defamed a member, and by the recognition of the power of the guild to remove and punish its chiefs.[3] Guilds had definite rules for distribution of their profits. The merchant

Indian Guilds—their nature and powers.

[1] For all such groups, see K. P. Jayaswal, *Hindu Polity,* 1924, *passim.* For *Saṁgha,* see *Pāṇini,* III, 3, 86.

[2] Bk. IV, 2: p. 204:

वैदेहकनां वा संभूय पण्यमवरुन्धतामनर्घेण
विक्रीणतां क्रीणतां वा सहस्रं दण्डः ।

[3] *Vivādaratnākara*, ch. 19.

guilds were apparently not of a permanent character, and were somewhat like the joint-stock ventures of the chartered trading companies of England in the 16th and 17th centuries. Numerous illustrations are available in our literature to show the vast power of these corporations within the State and their pervading influence in society. Guilds taxed themselves. They could even become a menace to the central government. The apprehension that they could do so existed in the minds of statesmen. The *Mahābhārata* suggests, for example, the placating of the guildsmen, lest their disaffection overturn the State.[1] Agreements entered into with guilds were inviolable, and had the implied sanction of the State behind them. The fear of danger to the State from the unrestrained power of the guilds will account for the elaborate regulations restraining guilds. There are several rules in the later *smṛtis* and *nibandhas* and a whole chapter in Kauṭilya's *Arthaśāstra,* which come under this category.[2]

Guilds had freedom to undertake any lawful occupation, and to do everything which was not injurious to the interests of the State. Sowers of dissension among the members of guilds were punished with marked severity.

[1] *Gaṇas and their Confederations*:

The whole of Chapter 107 of *Śānti Parva, Mahābhārata,* is devoted to the characteristics of Gaṇas. Jayaswal (*Hindu Polity,* 1924, Ch. 14) has extracted and translated the entire chapter and annotated it. A Gaṇa means the whole body or its general assembly (*ecclesia*) and not its executive or governing body. The latter was formed by Gaṇa-mukhya's (chiefs) and Pradhānas (presidents?), who conducted the government and administered justice. Gaṇas were numerous. Their alliance was sought when they were strong. The weakness of the gaṇa lay in the impossibility of keeping questions of policy secret, when divulged to the entire gaṇa. Gaṇas formed close unions (*saṁghāta*) which Jayaswal styles 'confederacies'. There is no indication in the chapter that the Gaṇas owed allegiance to kings or that they were conquered. The disunion referred to in the chapter is within the confederation and within the Gaṇa.

[2] *Kauṭilya,* Bk. III, ch. 14.

Dissidents in guilds were also punished. The autonomous guilds had not, however, the freedom to commit wrong, to infringe rules of morality, to outrage public decency, or to endanger the welfare of the State. The king was not merely permitted, but enjoined, in such cases, to check the activities of the guilds.[1] The assumptions that the Indian State was a 'lawless organisation' and that it existed either as a capricious dictator or as a superior, silently acquiescing and allowing local organisations to remain unsupervised and uncontrolled, will be inconsistent with the evidence.

Status versus Contract.

It is often said that the *primitiveness* of our old society is shown by the power of custom over contract, and aphoristic statements like those of Sir Henry Maine about the 'progress of society from status to contract' are applied to the conditions of ancient India. To periods in which well-developed governments existed in ancient India, this description will not be applicable. In a large measure, a person's rights and liabilities were *then* determined for him by his status as a member of a family or a caste or a guild, within the groups and often even outside them. His right and his capacity to make valid contracts co-existed, and the determining economic factors then were both custom and contract.

[1] See the sections on *Sambhūya Samutthanam* and *Saṁvidvyatikrama* in Digests (*nibandhas*) like Caṇdeswara's *Vivādaratnākara*.

LECTURE III

Divisions of Economics: Consumption, Production

If we use modern terminology in rendering ancient Indian Economic ideas, it will be possible to bring the treatment of Economic topics by Indian writers under the usual heads of production, consumption, distribution and exchange, almost as in a modern text-book. Our knowledge of the economic views, which prevailed in ancient India, is derived from two classes of works which may be roughly distinguished as 'secular' and 'religious' or 'non-secular'. To the former belongs the literature of *Arthaśāstra* including *Nītiśāstra*. The latter is chiefly represented by *Dharmaśāstra* and by the canonical literature of the Buddhists and Jains. This distinction between sources is useful in bringing out prominently a difference in treatment and outlook, which sought to distinguish the relative importance of the divisions of Economics. For example, questions of consumption and distribution are very much more to the fore in the second group of works, *i.e.*, the non-secular, than in the first. On the other hand questions of production and exchange are given very much more prominence in *Arthaśāstra*. This bias of the secular writers in favour of production and exchange is intelligible. Their chief purpose was to uphold state and society and to secure such conditions as would make for the efficient continuance of both. Questions of distribution and consumption have interest to them mainly as concerning the well-being of the community in the first place, and of individuals as producers and as members of the community in the second. The pre-occupation of *Dharmaśāstra* and the canonical texts with questions

Differences of outlook in regard to divisions of Economics.

Differences of outlook, in regard to them, between Dharmaśāstra and Arthaśāstra.

of consumption is equally explicable. The prime concern of canonical writers is to maintain the social order prescribed by tradition. The minute regulation of the lives of individuals and the sections of the population, through rules determining the consumption of wealth, suggested itself naturally as a powerful instrument for promoting social stability. Canonical writings as a class favour ascetic ideals. This predilection shows itself in the thoroughness with which questions of personal consumption and standards of life are dealt with in non-secular writings. Theories of divine sanction for the creation of the different castes (*varṇas*) and stages of life (*āśramas*) raise important questions of distribution. If anything like a *general* acquiescence in the theory of the divisions of society into classes and orders was to be perpetuated, a rational justification for the desired social order had also to be discovered for it, over and above divine sanction. This is why rules of distribution are often supported by reference to revelation (*śruti*) as much as to reason (*nyāya*).

Neglect of questions of consumption and distribution by some of the older modern economists, and the prominence given to these subjects by recent writers, have a parallel in ancient Indian Economics. The analogy, however, is not complete. For, while this difference in the emphasis laid on the several divisions of Economics in modern treatises is as between an earlier and later generation of writers, the corresponding difference in ancient India is not between writings separated by time so much as by differences of outlook.

No comprehensive Indian treatise on Economics or Vārtā

A modern text-book tries to give the conclusions of a science in a complete form. Each section of it bears a due relation to every other section of the treatise. This is hardly the case with ancient Indian works. There is no single work in Sanskrit literature, which

covers the same ground as a modern treatise on Economics. It is doubtful whether single *comprehensive* manuals of *"vārtā"* ever existed. The suspicion that they did not exist appears to be warranted by (1) the survival of works, which deal only with sections of *vārtā* than the whole of it, and (2) by the reference to a body of experienced men of affairs (*vārtam adhyakṣebhyaḥ*) under whom the king is asked to study *vārtā*. *Vārtā* connoted a good deal more than what Economics does, and at the same time it did not deal with a number of topics like consumption, distribution and taxation, which are dealt with by *Dharmaśāstra* and *Arthaśāstra*. It is worth while to stress these differences, as they may show how early Indian economic theories were saved from the lopsided development, which modern economic theory was long subjected to, because, at one time, some prominent divisions of economic science were ignored, and later on, when a reaction against the tendency set in, the neglected divisions received undue attention.[1]

Consumption—Its basic assumptions in ancient India.

In the old Indian view, the natural beginning of any economic investigation was the study of consumption. As the fundamental assumptions were that everything had been definitely pre-ordained, and that there was an intimate and permanent relationship, like cause and effect, between the material concerns of this world and the super-human agencies by which the conditions of the world were regulated, it followed that for the purpose of ensuring human welfare, such plans should be devised as would bring about the beneficent co-operation and co-ordination of human and super-human agencies. One of the ways in which this could be done was by enforcing the precepts and the dogmas of the prevailing

[1] The reference is to the reaction against Ricardo's treatment begun by W. S. Jevons. In old Indian Economics, such explanations of the importance of consumption, as we find in modern treatises, were unnecessary.

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religion. Another method consisted in protecting and stabilising institutions like the family, marriage, the ordered succession of the stages of life (*catur-āśrama*) and the Government. A third consisted in attempting to reconcile the relative claims of the spirit and of material welfare on man.

Doctrine of the Four Ends.

The starting point of our old ideals of consumption is the acceptance of the doctrine of the four ends of man (*puruṣārthāḥ*). The scope for variation of opinion in regard to consumption is afforded by the competing claims of the religious and ethical, material and hedonistic ideals to be regarded as most influential in moulding human conduct. Those in whom the religious bias was most pronounced would subordinate material pursuits to the spiritual, *i.e., artha* and *kāma* to *dharma*. Those, on the other hand, who preferred to translate human welfare into terms of material comfort, would be inclined to assert the superior claims of *artha* and *kāma* over *dharma,* that is to say, the demands of human craving for material welfare and æsthetic satisfaction over duty. But, all schools of thought agreed on certain common socio-ethical conditions as necessary for regulating effort for attaining the *puruṣārthas.*[1]

[1] See *Manusmṛti,* II, 224:

धर्मार्थौ उच्यते श्रेयः कामार्थौ धर्म एव च ।
अर्थ एवेह वा श्रेयः त्रिवर्ग इति तु स्थितिः ॥

Vasiṣṭha, I, 1:

अथातः पुरुषनिःश्रेयसार्थं धर्मजिज्ञासा ।

Āpastamba, I, 20, 3:

एवं धर्मं चर्यमाणम् अर्था अनूत्पद्यन्ते ।

Kāmasūtra, I, 2, 15-16:

एषां समवाये पूर्वः पूर्वो गरीयान् । अर्थश्च राज्ञः । तन्मूलत्वाल्लोकयात्रायाः ॥

Kauṭilīya, I, 7:

समं वा त्रिवर्गम् अन्योन्यानुबन्धम् ।

The Individual and the Group—Reconciliation of their claims, how effected.

In the ordered scheme of old Indian life, each individual had his place. Indian thinkers started with two assumptions, which it was their constant endeavour to reconcile. The first of these was the freedom of the individual. The second was the subordination of the individual to the group or community, be it the family or the clan or the State or the ordered Universe. The reconciliation between these two assumptions was effected by allowing an individual all the freedom that was not inconsistent with the maintenance of the group in which he was born, and in giving to the group all powers and rights necessary for its permanence.

The point will become clear, if it is considered with reference to a single group, like the family. Both in the *Dharmaśāstra* and in the *Arthaśāstra*, the family is recognised as a necessary economic and social unit. For purposes of consumption, the family rather than the individual, is the deciding factor. In the determination of the *civil responsibility* of a man towards those dependent on him, the *Dharmaśāstra* and the *Arthaṣāstra* agree in laying down elaborate rules defining the degree to which *kinship* should sustain the right of the weaker members of the family to protection and subsistence from family earnings.[1] Conversely, the income of certain members of the family group, *e.g.*, sons under tutelage, women (both married and unmarried) and slaves, is regarded not as their personal income, but as the income of the group.[2] The evolution of the right of individual property is slow in the case of women, and of those adults, who still live in the undivided family. Similarly, when the family grows into a *kula* or clan, the claims of the kindred, in a wider sense, as forming

[1] J. D. Mayne, *Hindu Law and Usage*, Ch. VII and VIII (9th edn., 1922).

[2] *Nārada*, V, 41; Mayne, *op. cit.*, pp. 319-322.

a larger group, are admitted. A person's right over his property is limited by the right of the other members of the clan (*kula*), or the village (*grāma*), to either a joint use with him, or to a right of pre-emption, whenever he wishes to alienate his land.[1] In the same way, questions of inheritance and of the rights to family maintenance are made to turn upon the possession of the spiritual capacity to share in the religious duties laid upon individuals as well as on the family as a whole.[2] Thus, according to Kauṭilya, "when a person who is able to do so does not maintain child, wife, parents and unmarried and widowed sisters, he is to be fined;" but, "the benefit of this rule is not to extend to outcastes, or apostates, the case of an apostate mother being an exception to the exception."[3] The obligation of a man to maintain his whole family is laid down by Śukra with equal clearness and force. He goes so far as to lay down that that country alone is good to dwell in, where kith and kin are supported.[4]

Stabilisation of Varṇāśrama divisions.

It follows from these hypotheses that in any scheme of consumption, which might receive the sanction of *Dharmaśāstra,* these socio-political sentiments will be found to prevail. These schemes were accepted by the secular writers on *Arthaśāstra,* because they were considered necessary to furnish a constant incentive to personal effort, to prevent social discontent and to

[1] *Kauṭilīya,* III, 9.

[2] Mayne, *op. cit.,* Ch. XIV.

[3] P. 48 : अपत्यदारं मातापितरौ भ्रातॄन् अप्राप्तव्यवहारा- भगिनीः कन्या विधवाश्च अबिभ्रतः शक्तिमतो द्वादशपणो दण्डः । अन्यत्र पतितेभ्यः । अन्यत्र मातुः ॥

[4] *Śukranīti,* III, 413:

भूत्वा महाधनः सम्यक् पोष्यवर्गं तु पोषयेत् ।

Ibid., III, 551:

स देशः प्रवरो यत्र कुटुम्बपरिपोषणम् ।

preserve the social differentiation (division of labour) from which flowed the wealth of the community. Both classes of writers agreed in approving of the existing social order and the theories of their origin and outlook. Accordingly, both combined to create a public opinion favourable to such ideas.

Its consequences:

The division of the people into four *varṇas* represented a functional grouping of the members of the community. The division of life into four stages (*āśramāḥ*) attempted also a functional distribution. Both had their effect on consumption. For instance, under the ideal of *varṇāśramadharma,* the wealth and income of the first caste or order, *viz.*, the Brahmanical, were bound to be small, both individually and in the aggregate. The life provided for the members of this caste implied its dedication for certain non-secular purposes. The result was that the Brahmans could not, under any *rigorous* operation of the scheme, expect to be as opulent as the other sections of the community. In order that the members of this group might remain contented, and continue to discharge their appointed functions, a way of remunerating their services to the community had to be devised, based on a mixture of material and social rewards. What in modern economic terminology would be called "the desire for distinction" was made use of as a powerful attraction for the Brahman; and, a social opinion was created, which accepted the distinction implied in great sacrifices and an eminent social, as contrasted with, economic position. What is true of the first caste would be, in different degrees, true of the other castes also. The reconciliation between social eminence without opulence, and wealth and influence without social elevation, was brought about by the doctrine that wealth is not an end in itself, but only a means to welfare and happiness, and by making

Use of the desire for distinction.

it an ideal of individual and corporate action to bring about the maximum of welfare for all members of the community. The restraining influence of these ideals was probably powerful enough even to threaten to atrophy the ordinary materialistic motives for the accumulation of wealth. This is perhaps the reason for the many praises of wealth, which we find in our ancient literature, especially in those parts of it, like the epics and the *purāṇa,* which appealed to the masses, and for the stressing of the value of wealth as a means to the attainment of higher ends. Even for a Brahman, according to Manu, the earning of wealth (*arthārjana*) is a duty,[1] though he is enjoined to eke out his means of subsistence in such a manner as to cause little or no pain to others. Accumulation of wealth has to be made by the exercise of thrift. "Accumulation of wealth and learning should be made even by the grains and moments. The man, who is desirous of acquiring both, shall neglect neither the grains nor the moments because they are trifling," says Śukra.[2] In the same spirit, prodigality and extravagance are sternly reprobated. Social and civil penalties are prescribed for extravagance, over and above the penalty of natural consequences. Among those whom Śukra would banish from the country or imprison, the prodigal has a prominent place.[3] Expenditure, for mere ostentation, on trifling matters is condemned,[4] and a warning is sounded that even good impulses (*e.g.,* as through indiscriminate charity) might lead, if not properly restrained, to poverty and ruin. On the other hand, the accumulation of big hoards, which would with-

Praise of Wealth,

and its proper use.

[1] *Manusmṛti,* I, 88 and X, 75.

[2] क्षणशः कणशश्चैव विद्यामर्थं च साधयेत् ।
न त्याज्यौ तु क्षणकणौ नित्यं विद्याधनार्थिना । (III, 352-3)

[3] *Ibid.,* III, 202.

[4] *Ibid.,* III, 442, 454-455.

draw capital from production or enjoyment, is also disapproved. A name for wealth (*bhogya*) suggests, that wealth exists to be enjoyed. The ideal is held up that the aim of accumulation and of earning is to provide for oneself and for one's dependents. "The daily acquisition of wealth is proper for the man with wife, children and friends. It is also necessary for charity. Without these, what is the good of existence to man?" asks Śukra.[1] "One should carefully preserve wealth which can maintain him in the future. So long as there is wealth, one is respected by all. But, the man without wealth, though well qualified, is deserted even by his wife and sons. In this world, wealth is the means to all pursuits. Let men therefore try to acquire wealth in legitimate ways, as by learning, service, valour, agriculture, commerce, the practice of crafts, and even by mendicancy. Owing to insufficiency of wealth, people occasionally become slaves of others."[2] Śukra recognises the importance of maintaining accounts of family expenditure, for the purpose of controlling domestic expenditure. He recognises that, for the transaction of business as much for family solvency, the absence of a written record of the incomings and outgoings is fatal. He accordingly rules that for business-men there is nothing more important than the maintenance of written

[1] *Śukranīti*, III, 354-355:

सुभार्यापुत्रमित्रार्थे हितं नित्यं धनार्जनम् ।
दानार्थं च विना त्वेतैः किं धनैश्च जनैश्च किम् ॥

[2] *Ibid.*, III, 364-367:

संसृतौ व्यवहाराय सारभूतं धनं स्मृतम् ।
अतो यतेत तत्प्राप्त्यै नरः सूपायसाहसैः ॥
सुविद्यया सुसेवाभिः शौर्येण कृषिभिस्तथा ॥
कौसीदवृद्धया पण्येन कलाभिश्च प्रतिग्रहैः ॥

accounts, and that the wise business-man never transacts business without documents and accounts.[1]

Ancient Indian standards of life not low.

The rigorous enforcement of such precepts in our *Dharmaśāstras* might lead one to conclude that the standard of living must have been comparatively low in ancient India. That this was not so in actual practice, is borne testimony to not merely by foreign visitors, but by such light as our secular literature and our epigraphic records throw upon the conditions of consumption in those epochs. Saving, rather than stinting, is what our old economists praise. For instance, in language which sounds startlingly modern, Śukra condemns the stinting of necessaries as wasteful. In a picturesque phrase Śukra lays down that, in feasts and in law-suits, the wise person should abandon timidity and not hold himself back till fully satisfied.[2] That there was no disposition among our people to stint themselves of moderate luxuries is evident from the elaborate list of foods, drinks, etc., which the Buddha permitted even to Monks (*Bhikku*).[3] It is noteworthy that, while hardly any kind of food or drink which was accessible, edible or harmless, is denied, the list of interdicted substances consists only of such as are either not readily procurable, or are dangerous to health, or offend against the principle of not inflicting pain to life (*ahimsā*). Such prohibitions, as those against monks' eating of the flesh of lions, horses, snakes and elephants, show that the inter-

[1] *Sukraniti*, III, 376-379:

यथा न जानन्ति धनं सञ्चितं कति कुत्र वै ।
आत्मस्त्रीपुत्रमित्राणि सलेखं धारयेत् तथा ॥
नैवास्ति लिखितादन्यत् स्मारकं व्यवहारिणाम् ।
न लेख्येन विना कुर्यात् व्यवहारं सदा बुधः ॥

[2] आहारे व्यवहारे च त्यक्तलज्जः सुखी भवेत् । (III, 388)

[3] *Dialogues of the Buddha*, II (trn. Rhys Davids), 1899, pp. 227-235.

dictions were not as inconvenient, as their alarming number might lead one to suppose.

Some idea of the standard of *good* living in those days may be gained by a study of the different professions, of which we have elaborate lists in the Brahmanical as well as the Buddhist records, and by the compilation of lists of the various implements, articles of furniture, kinds of food and drink (both animal and vegetable), which were in common use. The comparison of the rules prescribing the food and conditions of life generally for a Brahmin bachelor (*snātaka*) and householder (*gṛhastha*), as laid down in the earlier *Dharmaśāstras*, with the sarcastic account of the life of luxurious Brahmans of the identical epoch, given in a celebrated passage in one of the Dialogues of the Buddha, shows that, even in the days of these *Dharmaśāstras*, precept and practice in regard to consumption were often at variance. Among the luxuries of the Brahmans, to which the Buddha makes caustic allusion, may be noted such things as "elaborate dressing of the hair and the beard, perfuming the body and adorning it with garlands and gems, using expensive and gaudy apparel, living on boiled rice of the best kind, from which all black rice had been previously removed, and which was flavoured with sauces and curries of various kinds, being waited upon by women with fringes and furbelows round their loins, driving about in chariots drawn by mares with plaited manes, and living in fortified towns surrounded by walls and moats and protected by armed garrisons."[1] It is well to remember that the caste, which is thus described by the Buddha, is the one, whose badge was poverty, and whose indigence procured for it immunities

Standard of good living.

[1] *Dialogues of the Buddha*, II, pp. 129-130.

like freedom from taxation, ferry-dues, escheat[1] and prosecution for unlicensed mendicancy.[2] It is probable that not many Brahmans had fallen away from the prescribed standards of abstemious living, as we may legitimately conclude from the deferential tone of Aśoka's references to the Brahmans as a poor and worthy class.[3]

To the economists, who fear[4] that if wants are killed productive effort and life itself will perish, there need be no apprehension of a cessation of productive enterprise in any age in which such luxuries flourish.

Treatment of Luxury

A feature of old Indian life, to which allusions occur, in our economic literature, is the State's attempt to restrain luxury by means of regulations.[5] The carrying out of these was the logical extension of the rules in the canonical law books. From the standpoint of our writers on polity, the prevalence of luxury was a menace to settled political order, and deserved repression on that ground. The scope for luxury, among the com-

[1] Cf. *Kauṭilīya*, p. 127:

ब्राह्मणप्रव्रजितबालवृद्धव्याधितशासनहरगर्भिण्यो नावाध्यक्षमुद्राभिः तरेयुः ।

Manusmṛti, VIII, 407:

ब्राह्मणाः लिङ्गिनश्चैव न दाप्याः तारकं तरे ।

Ibid., VII, 133:

म्रियमाणोऽपि आददीत न राजा श्रोत्रियात् करम् ।

Vasishtha, I, 42-44:

राजा षष्ठं धनस्य हरेत्, अन्यत्र ब्राह्मणात् ।

Kauṭilīya, p. 161:

अदायादकं राजा हरेत् । अन्यत्र श्रोत्रियद्रव्यात् ॥

[2] *Śukranīti*, IV, iii, 40:

ब्राह्मणेन विनान्येषां भिक्षावृत्तिर्विगर्हिता ।

[3] *Cf.* the Kalinga edict and the eighth Rock edict.

[4] *e.g.*, Compare the remarks of C. Gide in his *Principles of Political Economy*, (Eng. edn., pp. 34-39).

[5] *Kauṭilīya*, Bk. II, ch. 22.

mon people, could not have been great. It must have been largely restricted firstly, by the absence of such startling inequalities between the rich and the poor, as exists in modern society, and secondly, by general lack of means. Such luxury as existed should have been mainly in royal courts and among the few who could afford it.

Recognition of the relation of Food to Efficiency.

There is another feature, to which more than a passing reference is due. It is the prescience, which our economists show, in regard to the bearing of food on physical and mental efficiency, and to the manner in which, by a regulation of the dietary of the various classes, one might control and maintain industrial and spiritual efficiency. The conviction that differences of productivity among workmen, as well as differences in habits of temperance, might both be traceable to the degree in which the people are adequately nourished, judged by physiological standards, is comparatively recent even in modern Economics. One of the earliest of such studies was a notable essay of the Italian economist, F. S. Nitti, in 1896,[1] on the food and labour power of nations. Interest in the subject was spasmodic till researches into food-values were forced by the agonies of the last world war. In contrast with the spectacle of the comparative neglect of a vital branch of human economics in our times, it is refreshing to turn to ancient India, and contemplate the unanimity and the opulence of detail with which the problem was there attacked. To dilate on the wisdom and care, which appear to have been lavished in framing the elaborate dietary regulations in the *Dharmaśāstras*, and on the careful, if less elaborate prescriptions of the same type in the *Kauṭilīya*, may not be inopportune.[2] Attention has been

[1] *Economic Journal*, VI, pp. 30-63.

[2] Bk. II, ch. 25 and 26.

pointedly drawn to this aspect of our social theory, and to the inhibitions and prescriptions of our *Dharmaśāstras* and *Arthaśāstras* in regard to food, to enable it to be seen that, in what has often been considered by critics to be merely a puerile and priestly obsession with trifling details, there is a fund of economic wisdom, on a vital and difficult branch of industrial theory. The careful adjustment of dietary in our food rules (*Āhāraniyama*) to the functions of the individual consumer, follows not merely canons of physiology, but is in accord with a fundamental assumption of Indian Philosophy—namely, the doctrine of 'the Three Guṇas'.

Production. Its factors.

Consumption deals with the destination of wealth, and Production with its origin. A transition from the one to the other has therefore been easy and natural in ancient as in modern economic theory. In any investigation of Production, the determination of its primary factors has an important place. In ancient India, the agents of production appear to have been counted as four, *viz.*, land, labour, capital and organisation. This is remarkable, since organisation, *as a factor of production,* obtained recognition in the west only in recent times. On the other hand, the modern attempt to reduce all primary factors of production to two, *viz.*, land and labour, has also its parallel in our old economic theory. Without going to the length to which the Physiocrats carried the doctrine, we find in *Śukranītisara* the dictum "land is the source of all wealth". "For it, kings have laid down even their lives. Wealth and life are desired by men for enjoyment. What has else the man, who has wealth and life, but has not cherished land?" asks Śukra.[1] The importance of labour is recognised with

[1] *Sukranīti,* I, 359-60:

उपभोगाय च धनं जीवितं येन रक्षितम्।
न रक्षिता तु भूर्येन किं तस्य धनजीवितैः ॥

equal clearness.[1] So is it with capital, as is evident from the exhortations on thrift, addressed to both individuals and kings.[2] As for organisation, it was the secret of the economic prosperity of ancient India as it is that of the modern world. The only difference is that modern industrial organisation is largely the result of natural growth and of voluntary effort, whereas the economic organisation of ancient India was imposed on society as a consequence of the social and religious beliefs of the age.

Land. Agriculture; its predominance,

We can easily understand the pre-eminence given to rural Economics in India, ancient and modern, since in both ages agriculture has been the occupation of the population. Two of the most important sections of *vārtā* were agriculture and cattle-rearing, including dairy-farming under the latter. The importance attached to agricultural pursuits by our economists is shown by the injunctions to kings to study *vārtā,* and by the precept that a considerable part of the king's own revenue should be derived, both directly and indirectly, from the proceeds of agriculture and the rearing of cattle. As an occupation, agriculture was *prescribed* for Vaiśyas, and for Śudras only in a less degree. It was also *permitted* to the other two castes. Even a Brahman could take to agriculture, provided he did not himself hold the plough.[3]

[1] *Kauṭilya,* Bk. III, ch. 13 generally and p. 183:

कर्मकरस्य कर्मसंबन्धं आसन्ना विद्युः ।
यथा संभाषितं वेतनं लभेत ।

[2] *Kauṭilya,* Bk. II, ch. 6; *Ramayana,* II, ch. 100, sl. 55-56; *Sukraniti,* I, 361-362.

[3] *Śukraniti,* 552-558:

कृषिस्तु चोत्तमा वृत्तिर्या सरिन्मातृका मता ।
मध्यमा वैश्यवृत्तिश्च शूद्रवृत्तिस्तु चाधमा ॥
याच्ञाऽधमतरा वृत्तिरुत्तमा सा तपस्विषु ।
कचित् सेवोत्तमा वृत्तिर्धर्मशीलनृपस्य च ॥

and great advance in ancient India.

The treatises of Kauṭilya and Śukra, as well as our *Smṛti* literature, beginning with *Manusmṛti,* show the high degree of perfection to which agriculture had attained as an art, and of the thoroughness with which our old economists understood the details of agricultural pursuits. Such matters as irrigation by rain, rivers, channels, tanks and mechanical agencies, agricultural drainage, the use of fertilisers, the rotation of crops, the adjustment of crops to soils and the modification of soils to suit crops, the relative benefits of intensive and extensive cultivation, the value of even inferior land in the vicinity of centres of population, the relative advantages of large and small scale farming according to the kinds of crops cultivated, the prevention, correction and eradication of the numerous risks or blights to which agriculture is liable, such as excessive rain, hail, drought, ravages of field mice, locusts and insect pests, antelopes, wild pigs and birds, the wisdom of carefully selecting seed grain, the interdependence of agriculture and cattle-farming, the value of forest conservation and game preservation to the agriculturist, the uses of fallow, the beneficial effects of opening up communications, the evils of fragmentation of holdings and the substitution of non-agricultural for agricultural classes, as owners of lands, are all clearly understood. The largest part of the ancient Indian State's income probably came from land revenue.[1] It was therefore natural that old Indian administrators and economists should advocate the uninterrupted pursuit of agriculture even in times of war. We have the testimony of Megasthenes

आध्वर्यवादिकं कर्म कृत्वा या गृह्यते भृतिः ।
सा किं महाधनायैव वाणिज्यमलमेव किम् ॥
राजसेवां विना द्रव्यं विपुलं नैव जायते ।

[1]See *Kauṭilīya,* Bk. II, chapters 1, 2, 5, 15, 16, 17, 21, 22, 24, 26 and 29 to 31, with Bhattaswamin's comments.

to the way in which the Indian agriculturist went on with his cultivation, undisturbed by the march of armies and the clash of arms, and as to how molesting cultivation was severely noticed by the Mauryan State.[1] How vigilantly the old Indian State endeavoured to guard agriculturists from everything that would diminish their efficiency as producers may be seen from the elaborate rules of Kauṭilya, against the intrusion in villages of persons who might prove either a source of distraction or a positive nuisance to the simple folk of the country side. **Its safeguards.**

"No ascetic other than a *vānaprastha,*" says Kauṭilya, "no company other than one of local origin, and no guilds of any kind other than the local co-operative guilds, shall find their way into the villages of the kingdom. Nor shall there be in villages any places intended for plays and amusements. In order that there may be an assurance of plentifulness of money, free labour, commodities, grains and oils and other liquids in plenty, mummers, dancers, singers, drummers, buffoons and the wandering minstrels shall not be allowed to disturb the work of the villagers."[2] Similarly, Śukra lays down that soldiers should not enter villages except on the king's business, nor oppress cultivators, and the villagers should have no dealings with soldiers. He also recommends, apparently in order to secure villagers against oppression, that the officers and servants of the king should live, not within the village, but outside its limits. Another rule of Śukra that

[1] *Agnipurāṇa* (ch. 236, sl. 22-23) states that in wars, temples and the civil population are not to be molested.

[2] Bk. II, ch. I, (p. 48) नटनर्तनगायनवादनवाग्जीवनकुशीलवाः वा न कर्मविघ्नं कुर्युः । निराश्रयत्वात् ग्रामाणाम्, क्षेत्राभिरतत्वाच्च पुरुषाणाम्, कोश-विशिष्टद्रव्यधान्यरसवृद्धिः भवतीति ।

'soldiers should not be appointed to do any other work besides their own' is probably aimed against their appointment to collect taxes on behalf of the State.[1] The value of this inhibition will be understood by those who have studied the baneful effects of the use of the army to collect the revenue in the days of the Maratha supremacy and later.

Development of Land-means adopted.

Like Arthur Young, those who deal with the theory or practice of agriculture in ancient India, recognised 'the magic of property'. This is perhaps the chief reason for the early emancipation of property in land, and for the elaborate rules for surveying and demarcating individual holdings.[2] With the same object, it was laid down that everything had to be done, by the State and by the community, to ensure the prosperity of agriculture. Waste lands were to be brought under cultivation[3]; jungle was to be cleared.[4] A beneficial interest was created by law in favour of the person who

[1] *Sukranītisara,* V, 180-182, 185:

नृपकार्यं विना कश्चिन्न ग्रामं सैनिको विशेत् ।
तथा न पीडयेत् कुत्र कदापि ग्रामवासिनः ॥
सैनिकैः न व्यवहरेत् नित्यं ग्राम्यजनोऽपि च ।
युद्धक्रियां विना सैन्यं योजयेन्नान्यकर्मणि ॥

[2] Boundary disputes form an important section of the law. See *Manusmṛti,* VIII, 246-265; *Yājñavalkya,* II, 150-153; *Nārada,* XI; 1-15; *Bṛhaspati* (*S.B.E.*, XXXIII, pp. 351-355).

See *South Indian Inscriptions,* Vol. II, Pt. 5, No. 98.

[3] *Kauṭilīya,* p. 47 (II, 1):

करदेभ्यः कृतक्षेत्राणि एकपुरुषिकाणि प्रयच्छेत्। अकृतानि कर्तृभ्यो नादेयात् ।

[4] *Manusmṛti,* IX, 44:

स्थाणुच्छेदस्य केदारमाहुः शल्यवतो मृगम् ।

The tenure of land on condition of clearing it of the jungle is known as *bhūmi-cchidra.* For a reference to a grant under this tenure, *see* Bühler, *Epigraphia Indica,* I, 74. Jolly (*Hindu Law,* p. 167) shows how "a person earns a certain right even merely by cultivating a field, which is lying fallow for the time being".

first clears the forest or reclaims waste land. Our old writers know that under certain circumstances even uncultivated or waste lands might prove economically superior to cultivated fields. Fertilisers are to be used[1]; local markets are to be founded for the sale of agricultural produce[2]; variation in fertility is to be considered in fixing rates of assessment.[3] The rise of a body of non-cultivating proprietors is to be avoided.[4] The productivity of a piece of land is dependent not merely on its soil, irrigability and cultivability, but on its quality of extension, size, situation and accessibility. The recommendations for the extension of the area under crop,[5] and for the reservation of certain types of land for particular crops or for pasture alone,[6] show a percep-

[1] See *Agnipurāṇa*, ch. 267. For instances of fertilisers recommended, see *Kauṭilīya*, p. 117:

शाखिनां गर्तदाहो गोऽस्थिशकृद्भिः काले दौहृदं च । प्ररूढांश्चाशुष्ककटुमत्स्यांश्च स्नुहिक्षीरेण वापयेत् ।

The preparation of seeds for sowing and seedlings and cuttings for planting is described, *ibid.*, p. 117:

तुषारपायनमुष्णशोषणं चा सप्तरात्रादिति धान्यबीजानाम्, त्रिरात्रं वा कोशीधान्यानाम्, मधुघृतसूकरवसाभिः शकृद्युक्ताभिः काण्डबीजानाम्, छेदलेपो मधुघृतेन कन्दानाम्, अस्थिबीजानां शकृदालेपः ।

[2] *Kauṭilīya*, p. 47:

आकरकर्मान्तद्रव्यहस्तिवनव्रजवणिक्पथप्रचारान् वारिस्थलपथपण्यपत्तनानि च निवेशयेत् ।

[3] *Kauṭilīya*, (pp. 116-117), II, 24.

[4] *Ibid.*, p. 47 (II, 1):

[illegible]च्छिद्य अन्येभ्यः प्रयच्छेत् ।

[5] *Ibid.*, p. 117:

फेनाघातो वल्लीफलानाम्, परिवाहान्ताः पिप्पलीमृद्वीकेक्षूणाम्, कूपपर्यन्ताः शाकमूलानाम्, हरिणीपर्यन्ताः हरितकानाम्, पाल्योलपानाम्, गन्धभैषज्योशीरह्रीबेरपिण्डालुकादीनां यथास्वं भूमिषु च स्थाल्याश्च अनूप्याश्चौषधीश्च स्थापयेत् ।

[6] *Ibid.*, p. 49:

अकृष्यायां भूमौ पशुभ्यो विवीतानि प्रयच्छेत् ।

See the whole chapter, Bk. II, 2, entitled *Bhūmi-cchidra-vidhanam.*

Law of Diminishing Return.

tion of the law of Diminishing Return in agriculture. In order that individuals might co-operate with the State in the provision of irrigation works, special consideration is recommended to be shown to persons who, as an act of piety, construct tanks, dams and roads.[1] For the purpose of maintaining intact the existing irrigational facilities, a joint and several liability is imposed upon the members of a village for keeping their roads, water channels and tanks in efficient repair. Kauṭilya even permits the servants, live-stock and resources generally of temples to be utilised for the urgent rectification of damages to such works of public utility. The interest of the cultivator as a seller of agricultural produce is safeguarded, firstly, by the stern repression of traders, who try to lower agricultural prices by combination, and secondly, by fixing fair prices at frequent intervals.[2] The action of the State in settling the prices of agricultural produce is perhaps dictated not merely in the interest of the people, regarded as producers and consumers, but in its own interest, inasmuch as a large part of its revenue was collected in kind. As a measure of famine protection, granaries capable of storing a sufficient quantity of grain to meet the normal demands of three years are to be erected in different parts of the kingdom and always kept full.[3]

[1] *Kauṭilīya,* (II, 1), p. 47:

सहोदकमाहार्योदकं वा सेतुं बन्धयेत् ।

अन्येषां वा बध्नतां भूमिमार्गवृक्षोपकरणानुग्रहं कुर्यात् । पुण्यस्थानारामाणां च । संभूय सेतुबन्धादप्रकामतः कर्मकरबलीवर्दाः कर्म कुर्युः । व्ययकर्मणि च भागी स्यात् । न चांशं लभेत ।

[2] See *Kauṭilīya,* Bk. II, ch. 16 and ch. 21, and Bk. IV, ch. 2.

[3] *Śukranītī,* IV, ii, ll. 50-51, ff.:

धान्यानां संग्रहः कार्यो वत्सरत्रयपूर्तिदः ।
तत्तत्काले स्वराष्ट्रार्थं नृपेणात्महिताय च ॥

These precepts indicate a high degree of agricultural administration and a good knowledge of rural economics. The different manner in which arable land has to be treated from forest land, mines, quarries[1] and fisheries,[2] is showed by the provision of rent in the case of the former, and royalties, calculated as a proportion of the yield, in the latter. The importance of labour for efficient production is well realised. Indeed, our old economists hardly neglect any important aspect of labour as an agent of production. Whether we consider the bearing on production of mere numbers, or of the health and strength of the population, or its industrial training, or its organisation in different ways, as for example, by division of labour, the use of implements and tools,[3] the localisation of industry, production on a large scale and business management, we find that *every* one of these is provided for in the economic life of ancient India, and the practice of the time is adequately reflected in its economic theory. Agricultural knowledge.

Our economists entertain no dread of a growing population. This is natural. In the early ages, there is scope for an unlimited increase in population, owing to the vast areas of virgin land available for occupation and cultivation. The Vedic benediction on the newly married, which is repeated even to-day, is for the bestowal of ten sons.[4] In epochs of Population.

Cf. also *Kauṭilīya*, p. 95, which refers to *all* produce, not merely grain:

ततोऽर्धम् आपदर्थे जानपदानां स्थापयेत् । अर्धमुपयुञ्जीत । नवेन अनवं शोधयेत् ॥

[1] *Kauṭilīya*, Bk. II, ch. 12.

[2] *Ibid.*, p. 122: मत्स्यपक्षिणां दशभागं वाधिकम्, मृगपशूनां शुल्कं वाधिकम् ।

[3] Agricultural machinery (कर्षणयन्त्र) is mentioned in the *Kauṭilīya*, p. 115.

[4] दशास्यां पुत्रानाधेहि पतिमेकादशं कृधि ।

small States, constant wars, and innumerable perils to life and health, a big increase in the population could not be anticipated even with a high birth rate. Growth in numbers would have been possible, in any marked way, only during the epochs of large empires and continued peace and security. The Malthusian spectre is not therefore present to our old economists.[1] They however know that there might be congestion of population in certain centres, and a consequent need to redistribute it by internal migration, as well as by State-aided schemes of colonisation.[2]

Its health, strength, and efficiency—how secured.

The meticulous care with which hygienic and moral precepts are framed and laid down, by our *Dharmaśāstras,* for the regulation of even trifling details of the lives of the people, should have gone far to ensure their health and strength. The regulations concerning food

[1] Kalidāsa, *Raghuvaṁśa,* I:

प्रजायै गृहमेधिनाम् ।

Mahābhārata, XII, ch. 110, śl. 23:

यात्रार्थं भोजनं येषां संतानाय च मैथुनम् ।

वाक्सत्यवचनार्थं च दुर्गाण्यतितरन्ति ते ॥

Nāradasmṛti, XII, 19: अपत्यार्थं स्त्रियः सृष्टाः

Marriage is treated therefore as a sacrament. Note that Kauṭilya restricts recourse to monastic life. Note also the following discussion by Kauṭilya of the value of population:

दुर्गापाश्रया पुरुषापाश्रया वा भूमिरिति ?

पुरुषापाश्रया श्रेयसी । पुरुषवद्धि राज्यम् । अपुरुषा गौर्वन्ध्येव किं दुहीत ? (VII, 11, 116, p. 295.)

तत्रापि—"बहुकुण्ठाल्पशूरयोरल्पशूरं श्रेयः । शूरेषु हि युद्धम् । अल्पा शूरा बहूनशूरान् भञ्जन्ति । ते भग्नाः स्वसैन्यावघातिनो भवन्ति" इत्याचार्याः ।

नेति कौटिल्यः—"कुण्ठा बहवः श्रेयांसः स्कन्धविनियोगादनेकं कर्म कुर्वाणाः स्वेषामपाश्रया युद्धे । परेषां दुर्धर्षा विभीषणाश्च । बहुषु हि कुण्ठेषु विनयकर्मणा शक्यं शौर्यमाधातुम्; न त्वेवाल्पेषु शूरेषु बहुत्वम्" इति ।

(VII, 11, 116, p. 297.)

[2] *Kauṭilīya,* II, 1, p. 46 and VII, 11, p. 295.

and eating (*āhāraniyama*),[1] which prescribe a suitable and graded dietary to every person and class, according to function or occupation, are obviously designed to secure productive efficiency. Division of labour is the life-breath of *varṇāśramadharma*. But, while birth and caste give a person a natural calling to start with, no serious attempt appears to be made to prevent a person of one occupation finding his way into another, if he has the requisite aptitude or desire for the change. The mobility of labour from occupation to occupation is thus rendered largely independent of status, and so far as industry is concerned, it is generally unrestricted in practice. ✓ Epigraphic records of wholesale migrations of artisans from kingdom to kingdom, of which we have many, relating to different periods of our ancient history, show that the mobility of labour from place to place was then considerable. Caste and guild organisations made such movements of labour less difficult than one would imagine.[2] Caste ensured the transmission of hereditary skill and aptitudes, the formation of natural industrial groups, the provision of suitable means of vocational training, and localisation of industry, with

Dietary.

Caste.

[1] The renowned Vaiṣṇava polyhistor and saint, Vedānta Deśika (1268-1369 A.D.) has summarised the rules in regard to what can be eaten and given them in the form of Tamil verses, for the convenience of the women of South India. It has a commentary, giving the *Smṛti* authority for each injunction.

Kauṭilya has calculated to a nicety the quantity of food required not only for animals, with and without work (*e.g.*, pp. 131-139), but for human beings (II, 15, p. 96). The *prastha* is about a *nāḷi* of Madras:

अखण्डपरिशुद्धानां वा तण्डुलानां प्रस्थं चतुर्भागः सूपः सूपषोडशो लवणस्यांशः चतुर्भागः सर्पिषः तैलस्य वा एकमार्यभक्तम् । पुंसः षड्भागः सूपः अर्धस्नेहमवराणाम् । पादोनं स्त्रीणाम् ।

अर्धं बालानाम् ।

[2] See R. C. Majumdar, *Corporate Life in Ancient India*, 1918, *passim*.

all its contingent benefits. It also enabled allied castes to mitigate each others' depressions. Craft guilds, to which reference has already been made, naturally arose from these facilities. Education for the different callings was imparted, on the technical side, in the home circle, or by the caste or craft guilds. General education was provided by the dedication of a whole class of the population (*e.g.*, Brahmans) for teaching, and the intellectual conservation of the race. The bearing of both heredity and training on the efficiency of a workman is well understood.

Education.

Labour:

Our economists do not lose themselves in the discussion of such arid topics as "what constitutes 'productive' and 'unproductive labour'." They were apparently quite content to regard, as sensible economists now do, that labour alone as unproductive which fails to attain its end. The large number of parasitical professions, which existed in our ancient society, despite their denunciation by religious and ethical writers, show that a number of occupations existed, which were clearly unproductive. Our economists had no such illusion as that agricultural labour is more productive of wealth than labour used in transport, exchange or trade. The fundamental assumption of *varṇāśramadharma* was the reciprocal service rendered by the members of the castes and orders to one another. There is therefore no inducement to condemn intellectual or spiritual occupation as unproductive, because it fails to produce tangible results, *i.e.*, "utilities fixed and embodied in *material* objects". The sacerdotal leanings of our ancient economists are, however, betrayed by their distinction between 'pure' and 'impure' labour. The test of purity is the nature of the occupation, and the material on which the operative works. This attitude perhaps accounts for the attempted segregation of the two highest castes from manual

unproductive;

'impure'.

occupation, resulting in 'the fatal divorce of the hand and the brain'. It is also noteworthy that the employment of women to assist men in the operations of agriculture and trade, as well as in the State factories, is not merely permitted but *prescribed* by Kauṭilya and Śukra.[1]

Capital: Its scarcity.

The importance of capital to industry is also clearly visualised. The high rates of interest, mentioned in our law books, indicate either normal scarcity of loan capital, or normal out-running of the supply of loan capital by the demand for it.[2] The suggestion that the State should make *cash* advances and advances of seed grain, etc.[3] to agriculturists, coupled with the large number of industrial concerns, which the State is asked to undertake, implies normal scarcity of private capital. It is not difficult to understand this condition. Firstly, the State took a pretty heavy share of the 'national' dividend in the form of taxes, rents, fines, cesses, etc., and secondly, it was the normal aim of our ancient financiers to budget for heavy and recurring surpluses. How these surpluses were used, we have no means of knowing. The general belief is that the surplus went to swell the State hoard. But, the admonition to kings to practise restraint so that they might not spend the hoards on their own personal gratifications, and the recommendation of special means for replenishing a depleted fisc, both appear to imply an ever-present and familiar danger of prodigal kings wasting the accumulations of their predecessors.

[1] *Kauṭilīya,* II, ch. 23: To save the sensibility of bashful women so employed by the State, the light maintained in the workshops should only be sufficient to illuminate their thread (p. 114):

याश्चानिष्कासिन्यः प्रोषितविधवा न्यङ्गाः कन्यका वात्मानं बिभृयुः । ताः स्वदासीभिः अनुसार्य सोपग्रहं कर्म कारयितव्याः । स्वयमागच्छन्तीनां वा सूत्रशालां प्रत्युषसि भाण्डवेतनविनिमयं कारयेत् । सूत्रपरीक्षार्थमात्रः प्रदीपः ॥

[2] Gautama, X, 6; *Vasiṣṭha,* X, 44-48; *Manusmṛti,* VIII, 140; *Bṛhaspati,* XI, 55.

[3] *Mahābhārata,* Sabhāparva, ch. 5.

The great number of parasitical sub-castes or professions, mostly dependent upon the patronage of courts, which may be discovered[1] in the designations of many of the sixty-four arts and crafts (*Kalā*), or the lists of professions given in the *Śukla Yajur Veda* or the *Ayodhyā Kanda* of the *Rāmāyaṇa,* or in the Buddhist canonical literature, or in Bāṇa's *Harṣacarita* might show the ways in which the State hoards might be dissipated. The consequence of such extravagance and habit of hoarding must have been a great lack of fluid capital for purposes of industrial development.

Its growth, how helped.

In view of this lack of capital in ancient India, it might be of special interest to note some further indications of the acuteness of our early economists. The first of these is in regard to the conditions necessary for the growth of capital. Śukra and Kauṭilya see that the growth of a money economy affords temptations to extravagance, though it enables people, who have any faculty for business, to reap the fruits of the saving of others. This is probably the reason for their rules allowing much of the internal trade of the country being carried on by barter,[2] and for even labour and services being commonly remunerated in produce. The second anticipation is in regard to the conditions necessary for the growth of accumulations. It is recognised that security, both *by* the State and *against* it, are essential for saving. Reference has already been made to protection being an admitted primary function of the State. The inclusion of 'avaricious kings' (*atyāsanna rājanah*) among the 'six traditional foes of agriculture' (*shad-eetayah*)[3]

[1] Vātsyāyana, *Kāmasūtra*, pp. 32-34; *Sukranīti*, IV, iii, ll. 130-202; *Vedic Index*, under 'Occupation'; *Harṣacarita* (ed. Führer), pp. 66-67.

[2] *Kauṭilīya*, p. 99.

[3] अतिवृष्टिरनावृष्टिः मूषिकाः शलभाः शुकाः ।
अत्यासन्नाश्च राजानः षडेता ईतयः स्मृताः ॥

would itself show how royal avarice was dreaded, even if there were no passages in our literature, as there are, which denounce the cupidity of kings. Predatory and extortionate fiscal expedients are sternly condemned by the epics and *Dharmaśāstras*. A fundamental maxim of our old economists is that in fixing prices, the State should not diminish the 'just' profits of the capitalist, or scare away capital from industry or trade. Similarly, it was a maxim of our ancient finance that in levying taxes a wholesome abstention from the taxation of capital is advisable. Thirdly, it was understood that the chief motive for saving is family affection, and the need to provide for one's dependents. In ancient India, such an inducement for saving must have been more powerful than at present, owing to the greater size of the 'family' for which an earning member was then legally responsible. A fourth anticipation of modern doctrine is in the view that accumulated wealth is not as important as a progressive income, for the economic strength of a community. Lastly, many prescriptions and inhibitions in the fields of production and consumption, which occur in our old literature, show that the ancient ideal was not materially different from the modern, in basing welfare on a type of expenditure, free from ostentation, and just sufficient for the efficient lives of the workers, on the realisation of the value of leisure and rest, and on the conviction of the excellence of a moderate income obtained by moderate work.

LECTURE IV

EXCHANGE AND DISTRIBUTION

THE achievement of modern Economics is regarded as the exposition of the theory of Value. It is remarkable that Indian economists had a fairly correct perception of the fundamental causes of Value. Among them must be mentioned not merely thinkers like Kauṭilya and Śukra, but even authors of *Smṛtis*. Śukra lays down first that price (*mūlya*) is what is paid (in money) for acquiring an article, and secondly, that prices are high or low, according as articles are obtainable with or without difficulty, and according as they possess or do not possess utility.[1] Articles without utility have no value.[2] There is no price (*mūlyam*) for things which cannot be put to use. Every article which has utility need not be valuable. Scarcity is a necessary cause of value. "Those articles are priced high in the world, which are rare."[3] The influence of time as a factor of Value is understood. In laying down the maxims for the guidance of governments and traders, who have to fix prices, Śukra says that "one should fix prices according to time and place."[4] Variations in

Exchange Theory of Value, according to Kauṭilya Śukra and

[1] *Sukranīti*, II, ll. 717-719:

येन व्ययेन संसिद्धः तद्व्ययस्तस्य मूल्यकम् ॥
सुलभासुलभत्वात् च अगुणत्वगुणसंश्रयैः ।
यथाकामात् पदार्थानाम् अर्घं हीनाधिकं भवेत् ॥

[2] *Ibid.*, IV, II, 209: न मूल्यं गुणहीनस्य व्यवहाराक्षमस्य च ।

[3] *Ibid.*, IV, II, 207: रत्नभूतं तु तत्तत् स्यात् यद्यदप्रतिमं भुवि ।

[4] *Ibid.*, IV, II, 208: यथादेशं यथाकालं मूल्यं सर्वस्य कल्पयेत् ।

the demand for commodities in accordance with variations in prices, leading to a rise in demand with a fall in prices, and a fall in demand with a rise in prices, are implied in Śukra's warning not to forget that in sales considerations of high, low and middle prices are of importance. The doctrines of Śukra, when analysed, show that the two points to be considered in determining Value or Price are (1) cost of production as determining the supply (referred to as "the easy or difficult attainment of a commodity")[1] and (2) the demand for the article as determined by its utility or power of satisfying wants.[2] These are also implied in the rules of the *Kauṭilīya* for the fixing of prices. "The Superintendent of Commerce shall be conversant with the conditions of high and low prices, and the quick and slow saleability of various kinds of goods, whether brought into the country by land routes or by water routes. He should also know the appropriate time for buying in and selling out, and for expanding or contracting his stock."[3]

Manusmṛti.

Analysis of cost of production.

A correct analysis of the cost of production, as is inferred from the presence of such ideas on the causes of value, is to be found in other ancient works. Thus *Manusmṛti* in dealing with the principles, which should guide the king in fixing the rates of duty to be paid by traders, lays down that the rates should be determined, after careful consideration of the prices paid originally for the articles, their sale price, and the cost of conveyance and retailing, as well as the net profit of the trader, after deducting the expenses of his subsistence and the

[1] 'सुलभासुलभत्वात्'

[2] 'अगुणतागुणसंभयः'

[3] *Kauṭilīya,* XII, 16, pp. 97-98:

पण्याध्यक्षः स्थलजलजानां नानाविधानां पण्यानां स्थलपथवारिपथोपयातानां सारफल्ग्वर्घान्तरं प्रियाप्रियतां च विद्यात् । तथा विक्षेपसंक्षेपक्रयविक्रयप्रयोगकालान्

charges incurred for securing the safety of the goods.[1] Similarly, after ruling that a king should fix the prices of all marketable goods, once every five nights, or at least once a fortnight, *Manusmṛti* counsels the king "to fix the rates for the purchase and sale of all marketable goods only after duly considering their origin and destination, the length of time for which they have remained in stock, the probable profit of the middleman and the outlay already incurred in acquiring them."[2] The reference to the element of time in the determination of value, in the above passage, should be noted.

Absolute and relative prices.

It may be mentioned, in passing, that we find in Śukra's work, as well as in Buddhist literature, details of absolute and relative prices of various commodities in common use. If only the dates of these sources can be determined, the data can be used for a comparison between the purchasing power of money in different periods.

Organisation of the market.

The economic advantages of both internal and external trade are duly recognised. The organisation of castes and guilds led not only to localisation of industry, but to the creation of special local markets for the sale of products. It is, therefore, natural that our old economists should lay down precepts for the establish-

[1] *Manusmṛti*, VII, 127:

क्रयविक्रयमध्वानं भक्तं च सपरिव्ययम् ।
योगक्षेमं च संप्रेक्ष्य वणिजो दापयेत् करान् ॥

[2] *Ibid.*, VIII, 401:

आगमं निर्गमं स्थानं तथा वृद्धिक्षयावुभौ ।
विचार्य सर्वपण्यानां कारयेत् क्रयविक्रयौ ॥

Yājñavalkya, II, 253:

पण्यस्योपरि संस्थाप्य व्ययं पण्यसमुद्भवम् ।
अर्घो अनुग्रहकृत् कार्यः क्रेतुः विक्रेतुरेव च ॥

Also cf. *Vivādaratnākara*, p. 302.

ment, organisation and management of markets. The freedom of the market is implied in the rule prohibiting the king from going into the market with his retinue. The existence of grades of middlemen, between retail traders and the powerful magnates who were able to create "corners," and to manipulate the market in their own interests, is not only implied but provided against.[1] In the *Jātaka*, there are many picturesque references to the "higgling of the market."[2] It was commonly believed that in regard to the sale of articles, which were either necessaries of life or comforts in common demand, the unprotected consumer would easily become the victim of the trader. The belief led to elaborate rules on purchases and sales, such as those prohibiting the adulteration of goods, and the substitution of inferior for superior articles, the imposition of distinguishing marks, the preparation of correct manifests, and the return within a stated period of articles purchased but found to be not according to specification.[3] It is perhaps both on this ground, as well as to prevent the sale of stolen articles, that all sales and purchases are to be in the *open* market. Acute traders may have evaded such rules. For, with some asperity, *Manusmṛti* observes that there is little to distinguish a cheating tradesman and a burglar, as the first is an open rogue and the second a concealed thief.[4] For the adulteration of

[1] *Kauṭilīya*, IV, 2 (p. 204):

वैदेहकानां वा संभूय पण्यमवरुन्धतां अनर्घेण विक्रीणतां क्रीणतां वा सहस्रं दण्डः ।

See the whole of Bk. II, ch. 16 and Bk. IV, ch. 2.

[2] *Jātaka*, I, 111, 195; II, 222, 289, 424.

[3] See in addition to the chapters of *Kauṭilīya*, *Manusmṛti*, IX, 286-291, *Yājñavalkya*, II, 296 and II, 245-246; *Viṣṇu*, 5, 124; *Bṛhaspati* (quoted by Aparārka, p. 826 and *Vivādaratnākara*, p. 297).

[4] *Manusmṛti*, IX, 257:

प्रकाशवञ्चकास्तेषां [illegible] ।

प्रच्छन्नवञ्चकास्त्वेते ये स्तेनाटविकादयः ॥

articles, dishonest dealings towards purchasers and cheating in prices, punishments ranging from graded fines to imprisonment and mutilation are prescribed.

Regulation of trade.

The justification for the numerous Government undertakings, proposed by Kauṭilya, may be sought in fiscal advantage as well as the desire to protect consumers. The necessity for the Government to assist all forms of *legitimate* trade is vividly realised. States are enjoined to improve and increase their means of communication and transport. Tolls and transit duties are recognised as necessary evils.[1] Ferries are to be provided over rivers. Proper police escorts are recommended for caravans of traders. The State is advised to provide special conveniences for traders in the form of rest-houses (*Satra*) and store-houses. To encourage foreign trade, rebates of customs are to be given, if the current rates are found to diminish the profits of the importers.[2] A State is to do its best to secure new markets for the surplus produce of the country, and to promote both the import and the export trade. All commerce is to be free, in the sense that no discrimination is to be made in favour of articles of local production for the purposes of protecting them against foreign competition. The numerous customs, tolls and transit duties seem to have been imposed for revenue only.[3]

[1] *Kauṭilīya*, Bk. II, ch. 21 and 22.

[2] *Ibid.*, Bk. II, ch. 16, p. 98:

नाविकसार्थवाहेभ्यः परिहारम् आयतिक्षमं दद्यात् ।

[3] Kauṭilya prohibits the exportation of armour, arms, war chariots and animals *and grain*, and mentions these specifically among articles whose exportation is interdicted on public grounds. The value attached to the possession of these articles is shown by their importation being free of customs duty. The general principle governing foreign trade is laid down as the exclusion of articles, which would injure the kingdom and

Medium of Exchange.

In our ancient exchange, the use of coins, as currency, and of credit are both in evidence. The bulk of retail transactions however was by barter. The reason for this is to be sought, not merely in the scarcity of currency, but in such circumstances as the comparatively low prices of the articles to be sold, and the prohibition of the use of gold and silver to many classes of the population. As an instance of the latter, reference may be made to the Buddhist injunction that a Monk (*Bhikku*) would commit the offence of a *pācittīyo,* involving a liability to confiscation, if he receives any gold or silver, or allows it to be taken in deposit for him, or engages in any of the various transactions of exchange in which gold or silver are used, or participates in any kind of buying and selling.[1] In urban areas money economy is more common. This is shown by the elaborate rules for maintaining a proper currency, which we find in the treatises of Kauṭilya and Śukra, and by the hoards of ancient coins of various epochs, which have been unearthed.

Coinage.

There is reason for believing that coinage was indigenous to India. Western coins were made from pellets struck by dies, whereas Indian coins were made out of strips of square-cut metal sheets. This type of square coinage must have been firmly established in India, by the commencement of the third century B.C., inasmuch as the Indo-Greek dynasties of the period were forced to give up their own types of coins in favour of

the encouragement of the importation of rare seeds and articles of great use to the kingdom by freeing them from import duty.

राष्ट्रपीडाकरं भाण्डमुच्छिन्द्यात् अफलं च यत् ।
महोपकारम् उच्छुल्कं कुर्यात् बीजं च दुर्लभम् ॥

[1] *Culluvagga,* XII, 2, 8 (S.B.E., XX, Rhys-Davids; *Vinaya Texts,* Vol. III, p. 413). See also *S.B.E.,* XIII, 26 sq.; XVII, 66 sq., 128 sq.; XX, 386-392, 399.

this type.[1] Square-cut coins are actually represented in the sculptures at Bharahut and Gaya. References to coinage by an ancient writer like Kauṭilya also prove that the use of coins as currency is anterior to the Macedonian invasion. The regulations in regard to currency in the *Arthaśāstra* show that a coin was prized merely as an ingot of metal, of a specific degree of fineness, rather than as of a specified weight. This is the reason why the superintendent of the mint is enjoined to cut and deface coins, which are not of the proper fineness,[2] but there seems to be no corresponding prohibition of the acceptance of coins of defective weight. Coinage, though undertaken by the State and considered to be one of the insignias of royalty, appears neither to have been regarded, as it is nowadays, as a sign of political independence nor as an exclusive prerogative right of the king. The State issued coins apparently as a matter of convenience only.[3] Guilds in ancient India issued coins, and the numerous countermarks found on some types of our old coins are believed to represent the hall-marks of guilds. All these rules relate apparently only to the standard currency in gold, and not to the token currency. The existence of free coinage is signified by the rules of Kauṭilya that the superintendent of the mint should return coins of the same weight as

पाचित्तिओ(प्रायश्चित्तीयः) धम्मा are priestly offences requiring expiation. There are 92 of them.

[1] *Cambridge History of India*, Vol. I, pl. VI and VII.

[2] *Kauṭiliya*, II, 5, p. 58:

रूपदर्शकविशुद्धं हिरण्यं प्रतिगृह्णीयात् । अशुद्धं छेदयेत् । आहर्तुः पूर्वः साहसदण्डः ।

[3] *Ibid.*, II, 14, p. 89:

सौवर्णिकः पौरजानपदानां रूप्यसुवर्णम् आवेशानिभिः कारयेत् । यथावर्णप्रमाणं निक्षेपं गृह्णीयुः तथाविधमेव अर्पयेयुः । अन्यत्र क्षीणपरिशीर्णाभ्याम् ।

the bullion tendered to him, and that he should only collect a specified percentage of the metal as seigniorage, in cases where the metal or coin tendered was not of the standard purity. The survival of this prescriptive right of the goldsmith and the trader to make money, at their option, is borne evidence to by the Musalman historians of the 14th century. Sir John Malcolm found it in vogue in Malwa and Central India even as late as the first quarter of the 19th century.

Gold—The Exchange ratio.

Gold was the metal for the standard coin. It is not clear whether silver coins were also part of the standard currency. Token coins were either in copper (occasionally lead also, as among the Āndhras) or in cowry-shells (*varātika*). If gold and silver circulated side by side, the ratio of exchange was settled by the interaction of supply and demand, and there was no State ratio, as in the Persian Empire. Śukra gives indeed a ratio, *viz.*, that gold is sixteen times as valuable as silver,[1] but it is not possible to say whether this ratio was actually current or is only a recommendation. Silver though known and prized in ancient India was comparatively scarcer than gold, since silver had to be imported. It came in usually in exchange (along with

[1] *Śukranīti*, IV, ii, 181:

रजतं षोडशगुणं भवेत् स्वर्णस्य मूल्यकम् ।
ताम्रं रजतमूल्यं स्यात् प्रायोऽशीतिगुणं तथा ॥

The ratio was 3 : 40 in the days of Darius the Great, and about 1 : 9 in the first century A.D. *See* B. V. Head, *Historia Numorum*, pp. xl-xli, 826 and 832.

See also H. Yule and H. Cordier—*Cathay and the Way Thither*, Hakluyt Society, N.S., 1916, No. XLI, Vol. IV, p. 54 ff; *Bombay Gazetteer*, Vol. XVI, p. 574.

The *Kauṭilīya* (p. 224) lays down that the fine for theft should be twelve times the value of the stolen article. It also lays down (p. 202) that for the theft respectively of a *māṣaka* of gold and silver, the fines should be 200 and 12 *paṇas*. This will give a ratio of 12 : 200 or 1 : 16 : 6.

gold) for the export of silk, spices and gems, and during the early centuries of the Christian era, this trade resulted in a drain of the precious metals from the West to the East, and caused anxiety to Roman statesmen and economists like Pliny.

Credit.

For the existence of credit instruments and banking, pledges and book-credits, we have the evidence of the *Jātaka* as well as the *Arthaśāstra*.[1]

Banking.

Group credit must have been helped by the existence of guilds, partnerships, and joint-stock organisations.[2] The elaborate rules laid down in the *Dharmaśāstras* for the grant of loans, with or without pledge or security, and for the taking of deposits with or without the promise of interest, point to some form of banking.[3] The old Indian banker, like his modern representative, must have been in possession of most of the fluid capital of the community, and discharged such functions as lending money, receiving money on deposit, making remittances, and exchanging good money for bad money. The last function became, from the standpoint of the common people, more important than the others, owing to the numerous types of coins concurrently in circulation, as the result of private coinage, trade between kingdom and kingdom, and the fluctuation of political boundaries.

Foreign trade.

The chief commodities of foreign trade were naturally of small bulk and high value, owing to the difficulties of transport. They comprised gold, silver, precious stones, pearls, ivory (both worked and unworked), silks (woven and dyed), woollen and cotton

[1] *Jātaka*, I, 121, 230; IV, 256; *Kauṭilīya*, Bk. II, ch. 7,

[2] *Ibid.*, Bk. III, ch. 14.

[3] The rules are conveniently summarised in Jagannatha's *Vivādabhaṅgārṇava* (H. T. Colebrooke's *Digest*, Vol. I, 1796).

See also *Kauṭilīya*, Bk. III, ch. 12; *Manusmṛti*, VIII, 179ff., and *Nārada*, II, 5.

textiles, costly articles of food and drink, perfumery, spices, horses, slaves, medicinal substances and works of art.[1] The interaction of commerce and politics is illustrated by the discussions in Kauṭilya's *Artha-śāstra* on the relative advantages of trade and dominion over different parts of India. The foreign trade must have resulted in a permanent excess of exports over imports in ancient India, leading to the attraction of specie from the West. That was how India became (to use the familiar expression of Pliny) 'a veritable sink of the precious metals'.

India's absorption of precious metals.

That large amounts of specie could have found their way into India, without much effect upon general prices, even over long periods, must have been due to the gradual opening up of the country, enabling such part of the precious metal as went into the currency to be absorbed in circulation, and secondly, through the increased use of the precious metals for ornaments and for hoarding.

Treatment of foreign merchants.

An equitable system of private international law enabled foreign merchants to sue in the Indian courts, and at the same time it protected them from being harrassed by suits launched in local courts.[2] This should have made the Indian market attractive to foreign traders.

State enterprises.

In the case of articles of considerable value, or of commodities in the manufacture of which monopoly was desirable, the State was advised by the *Arthaśāstra* to undertake, and probably undertook, the functions of a manufacturer and trader,[3] and attempted to sell the articles through departmental agency, both within its own boundaries and outside them.

[1] Pliny, *Hist. Natur.*, VI, 23 and Schoff, *Periplus of the Erythraean Sea.*

[2] *Kauṭilīya*, p. 98 (II, 16):

अनभियोगश्च अर्थेषु आगन्तूनाम् । अन्यत्र सभ्योपकारिभ्यः ।

[3] *Ibid.*, Bk. II, ch. 13, 14 and 16.

The complex arrangements of internal and external exchange in ancient India are duly reflected in the detailed rules given in the *Arthaśāstras*. These rules indicate not only fairly advanced commercial conditions, but sane views on exchange and internal trade.

Distribution.

In the economics of Distribution, the fundamental problems are the division of accumulated wealth between the various members of the community and of the annual income between its different members. A study of the implications underlying the different rules concerning wages, profits, interest, rent, taxes, poor relief, and the duties and immunities of different members of the community, would show that the importance of both problems was duly appreciated by our old economists. Startling inequalities in private property were apparently not very common in ancient India. We have, it is true, in some stories of the *Jātaka* and in Sanskrit literature, descriptions of persons of colossal wealth.[1] But such extraordinary opulence is perhaps imaginary. The prevailing laws of inheritance and taxation, and the rules determining the conditions of work and expenditure, must have made it difficult for big fortunes to arise. In the case of the Brahmans, it is laid down by *Manusmṛti* that the accumulation of resources which would be *more* than sufficient to meet the normal expenses of three years, should not be made, and any wealth in excess of the limit should be promptly expended in sacrifice.[2] In a self-denying ordinance of

Economic inequalities.

[1] For instance, Anāthapiṇḍika.

[2] See *Manusmṛti*, IV, 7:

कुसूलधान्यको वा स्यात् कुम्भीधान्यक एव वा ।
त्र्यैहिको वापि भवेत् अश्वस्तनिक एव वा ॥

and Kullūka's comments thereon, reconciling the injunction with that in

this kind, we may perhaps see an attempt to save a class, largely engaged in educational and spiritual duties, from the evil influence of wealth and luxury. Outlay on sacrifices and on charity is enjoined both by the *Dharmaśāstras* and the *Arthaśāstras* as a normal form of private and public expenditure. The religious and ethical ideals of the times must have also withdrawn large sums from saving, to be used up in the construction of temples, *stūpas*, etc., and to endow religious and charitable foundations. The feeling that wealth by itself cannot contribute to social position, and that the one may be possessed without the other, would also deter the growth of unusually large fortunes, by removing one of the usual motives for saving. Lastly, the assumption of certain 'socialistic' functions by the State would work in the direction of reducing any feeling of class hatred, such as would rise and be accentuated, if the stratification by caste had coincided with economic stratification. These aspects of the theory and practice of Distribution in ancient India, along with wholesome ideas in regard to the services rendered to the community by each of the agents of Production, must have helped to save our society from the familiar types of socialistic agitation.

The community and the individual.

Our economists try to bring into harmony the rival claims of the individual and the community, in the field of Distribution, in the same way as they do in the fields of

Manusmṛti, XI, 7:

यस्य त्रैवार्षिकं भक्तं पर्याप्तं भृत्यवृत्तये ।
अधिकं वापि विद्येत स सोमं पातुमर्हति ॥

Cf. *Yājñavalkya*, I, 28, 124; *Viṣṇu*, 59, 8-10; *Vasiṣṭha*, 8, 10; *Śaṅkha*, 125, quoted by Aparārka, p. 167.

Also *Śukranīti*, IV, ii, 50-52:

धान्यानां सङ्ग्रहः कार्यो वत्सरत्रयपूर्तिदः ।
तत्तत्काले स्वराष्ट्रार्थं नृपेणात्महिताय च ॥
चिरस्थायी समृद्धानामधिको वापि चेष्यते ।

Consumption and Production. Their discussions in regard to what constitutes a "just" rent, or a "just" wage, or "just" profit, or interest, indicate one way in which the reconciliation was attempted. Modifications of schemes of distribution were justified by considerations of caste, religion, servitude and immunities.

No real 'Leisure class' in ancient India.

In this connection it would not be amiss to refer to what precisely a theory of a leisure class in ancient India amounted to. In modern times, the owners of capital and forms of durable wealth control production and reap large gains. They obtain the gains, even if they do not work, and so constitute 'a leisure class'. The gravamen of the charge against the modern leisure class is the divorce between social service and wealth. In the theory of ancient Indian society, there was no leisure class of this type. Every section of the community was admitted to be contributing by its endeavour to the common welfare. Some contributed by the work of their hands and some by that of their brains. The Brahman caste, for example, which, in view of the immunities from taxation and the social privileges accorded to it, might appear a favoured section of society, could not have been then an object of widespread social envy, because its members were generally poor, at least in those epochs in which the old ideals were followed. In the Brahman caste, every member had full occupation during the whole of his normal life. This caste can hardly be classed therefore as 'a leisure class' in the modern sense. Nor would it be correct to apply the expression to such parasitical and predatory classes as then lived upon the community, for parasitism does not necessarily involve either leisure or opulence.

Principles of Distribution.

The fundamental principles, on which the distribution of "national dividend" is made among the various parties, who contributed to its creation, are two, *viz.*, that

each sharer should be remunerated on the principle of productivity, *i.e.,* according to the services rendered, or the amount of utility created by its services, and secondly, by basing remuneration on the personal and human needs of every member of the community. It would be found that these principles are equally applicable, whether we take our ancient Indian conceptions in regard to interest, or to wages or to rent.

Land rights and tenures.

As regards land, it has already been shown that the right of individual property, implying the powers of use and alienation, was well developed very early in our history. The limited quantity of arable land and the difficulty of reclaiming larger areas for cultivation by the destruction of forests, in the earlier ages in which the manhood of a large section of the community was required for protection and wars, must both have contributed to the high value set upon land, for proof of which we may turn to the belief referred to in a famous story in the *Satapathabrāhmaṇa.*[1] The growth of the right of alienation, in later times, was perhaps assisted by increasing availability of cultivable land, as population increased and settled conditions supervened. Whether we accept or not the theory of an original, or ultimate, State ownership of all land, individual ownership of a permanent character must be admitted, on the evidence available, as having existed virtually all through Hindu history.[2] Many rules were made regarding prescrip-

[1] The story is that Earth herself protested that she should not be given away, when a gift of land was offered to a priest.

[2] See *Kātyāyana,* quoted thus in *Vīramitrodaya, Rājanītiprakaśa,* p. 271:

भूस्वामी तु स्मृतो राजा नान्यद्रव्यस्य सर्वदा ।
तत्फलस्य हि षड्भागं प्राप्नुयान्नान्यथैव तु ॥
भूतानां तन्निवासित्वात् स्वामित्वं तेन कीर्तितम् ।
तत्क्रियाबलिषड्भागं शुभाशुभनिमित्तजम् ॥

tion, limitation and adverse possession, in regard to the ownership and tenure of land. After the determination of the share of the produce of land, which was to go to the State, in preference to all other claimants, the balance of the produce of land was available for division among the private claimants to the produce. The complicated systems of Indian land tenure then begin to emerge. In the text-books on *Dharmaśāstra* and *Arthaśāstra,* we find a simplification of land tenures. This is natural as the works in question are concerned primarily with the *general* aspects of landholding. The income which the owner of the land derives from it is treated as rent. The analogy between rent and the returns from other natural resources is also seen. The productiveness of land is understood to depend upon its fertility, both natural and acquired, and on its accessibility, as determined by its proximity to a market and the cost of transport.[1] Our old economists did not thus commit the error of regarding "fertility" as the *sole* cause of rent. The mistake of regarding rent as due to mere difference of productivity between land and land, which even acute modern economists like General Walker could not escape, is avoided by our old economists. They

Rent.

There is no real inconsistency between these two ślokas of Kātyāyana.

[1] See the discussion of the relative advantages of different kinds of land in *Kauṭilīya,* Bk. VII, ch. 12, p. 298:

एतेन वणिक्पथो व्याख्यातः ।

तत्रापि—"वारिस्थलपथयोः वारिपथः श्रेयान्, अल्पव्ययव्यायामः प्रभूतपण्योदयश्च"—इत्याचार्याः ।

नेति कौटिल्यः—संरुद्धगतिरसार्वकालिकः प्रकृष्टभययोनिः निष्प्रतीकारश्च वारिपथः ; विपरीतः स्थलपथः ।

वारिपथे तु कूलसंयानपथयोः कूलपथः पण्यपट्टणबाहुल्यात् श्रेयान् नदीपथो वा सातत्याद् विषह्याबाधत्वाच्च ।

base the right to rent upon two conditions only, *viz.*, scarcity of arable land, owing to the private or public ownership of the available quantity, and secondly, productivity. That there could be *no rent-lands, i.e.,* lands which paid no rent, but were still cultivated, was understood.[1] This is clear from the rules of cultivation laid down by Kauṭilya, Śukra and the *Dharmaśāstra,* imposing mere nominal rates on comparatively sterile lands (*Khila* and *ardha-khila*)[2] and no rent in the case of barren land. In the case of some kinds of *khila* land, cultivation is possible in the early stages, only if the cultivator is not obliged to pay any rent or taxes. Kauṭilya knows that an extension of the area under crop can be made only by reclamation of fresh land, brought about by liberal State subventions of capital[3] to the cultivator, and by other forms of help, such as exemptions from land-tax and water-rate for stipulated periods, advance of seed grain, etc.

Limits to Land revenue.

The consideration of the aspects of our ancient theories of public finance will show that, for the guidance of the State, both maximum and normal rates of land revenue were laid down. Any increase in land revenue above the normal rate diminished the share of the produce which went to the owner of the land, because the proportion of the produce which went to the farm-labourer was fixed by the law. Our ancient financiers had no fear of a violent rise in agricultural prices, and consequent re-action on the members of the

[1] *Manusmṛti*, VII, 128:

यथा फलेन युज्येत राजा कर्ता च कर्मणाम् ।
तथावेक्ष्य नृपो राष्ट्रे कल्पयेत् सततं करान् ॥

[2] *Khila* is land which has not been brought under the plough.

[3] *Kauṭilīya*, p. 47:

धान्यपशुहिरण्यैश्चैनानुपगृह्णीयात् । तान्यनु सुखेन दद्युः ।

Cost of production and rent.

community regarded as consumers, if a part or if even the whole of the economic rent was appropriated by the State. These views imply a perception of the relation of rent to cost of production. It is noteworthy that in the analysis of cost of production, to which reference has already been made, the rent of the owner of land is not included.

The landlord's share.

A consideration of the relative proportions of the produce which went to the owner of land, in the days of Kauṭilya, and which go to him now, may not be devoid of interest. But, the comparison is difficult owing to the obscurity of Kauṭilya's laconic dicta on rent, and the divergence of opinion among commentators in regard to their interpretation. It is therefore not possible to make any detailed comparison. But, on a rough calculation, it appears that the land-owner's share in ancient India amounted to about a twelfth part of the gross produce, (roughly 8 per cent.), while at present it would probably amount to 12 per cent.

Interest.

Our ancient economists understood the value of capital to industry. Their views of the nature and of the necessity of interest are essentially sound. The difference between 'gross' or 'profit' interest and 'net interest', and the inclusion of part of the profits of a money-lender as well as insurance against risk in the former are both implied in their analysis.[1] A distinction

[1] See *Agnipurāṇa,* ch. 253, śl. 63-66. On cash lent to a fellow-villager the interest is only half that of a loan made to a sea-voyager. The rate of interest on pledges varies with the liability of the pledged article to deterioration, *e.g.*, 10, 4, 3 and 2 per cent. a month respectively, when the pledges are cattle, wearing apparel, food-grain and gold.

Kauṭilya insists on State supervision of loans, on the ground of the paramount importance of the relation of capitalist and borrower to the State; pp. 174-175:

राजान्ययोगक्षेमवहे तु धनिकधारणिकयोः चरित्रम् अपेक्षेत ।

He rules that interest is to be suspended when the borrower is a minor,

is drawn between the rates of interest, which may be respectively charged, for loans made with or without security. So is a distinction between interest properly so called and the use of the pledged article. Where a valuable pledge is used by the lender, no interest can be claimed *or paid,* use being the equivalent of interest. Compound interest is allowed. Money invested in trade is treated as though it was not a debt. This might suggest a confusion between loan-interest and the earnings of partnership, but for the fact that profits of such a business are treated as largely consisting of interest. The *Dharmaśāstras* indeed suggest that the rates of interest should vary with the caste of the borrower.[1] This might be viewed either as the intrusion of non-economic motives in economic transactions, or as the

is very poor, is detained in the house of a preceptor, is ill, or is engaged in a prolonged sacrifice:

दीर्घसत्रव्याधिगुरुकुलोपरुद्धं बालम् असारं वा न ऋणम् अनुवर्धेत ।

There is no similar provision in any other authority. Interest is suspended during interregnums; e.g., *Vasiṣṭha,* II, 49:

राजा तु मृतभावेन द्रव्यवृद्धिं विनाशयेत् ।
पुना राजाभिषेकेण द्रव्यमूलं च वर्धते ॥

Manusmṛti (VIII, 140-158) is unusually full on interest. Mr. Jayāswal (*Manu and Yājñavalkya,* p. 185) considers that it shows that questions of interest were 'live issues' in the days when this *Smṛti* was compiled, and that it had settled down in Yājñavalkya's day, about two centuries later. The ancient authorities gave 15 per cent. a year as the proper rate of interest. The provision of higher rates in the later *smṛtis* probably indicates a scarcity of capital in their days. *Manusmṛti* condemns 'corporal interest' (*kāyikavṛddhi*) and 'compound interest' (*cakravriddhi*) (VIII, 156) and rules that interest on a loan should not be 'doubled' (VIII, 151). Kauṭilya allows capital and interest to be three times the loan (p. 174), but grain interest should not exceed half the value of the capital and interest on stock half the profit.

[1] *Manusmṛti,* VIII, 142; *Nārada,* I, 100. The rule applies to unsecured debts only. If 2 per cent. is levied from a Brahman, 3, 4 and 5 per cent. may be taken respectively from each of the succeeding castes. It will imply that, in such cases, credit goes with caste. *Viṣṇu* (VI, 3) repeals *caste* rates.

belief that persons of higher castes, for whom loans are to be made at lower rates, were more reliable debtors, enjoying a higher standard of personal credit. As already pointed out, both the very high rate of maximum interest (60 per cent. per annum) allowed by our law books, and the indication of 15 per cent. as *just* rate of interest, point to a relative scarcity of loan capital.[1]

The Entrepreneur.

The right of the entrepreneur to a share in the dividend is recognised, though not very clearly. Bṛhaspati alone considers the labour of supervision as making a bigger contribution to the result than the labour of the craftsman. He therefore allows a double share of the produce to the supervisor.[2] The small difference between the shares of the labourer and the supervisor might show, however, that the undertaking, envisaged by Bṛhaspati, could not have been on a very considerable scale. In profits, as in the other shares of the dividend, the principles determining the share are productivity and the individual needs of the earner (*i.e.*, the entrepreneur). It may be therefore assumed that in practice the share of the businessman might have been greater than what is indicated by Bṛhaspati, where big undertakings were concerned.

Wages and conditions of labour.

It is in regard to wages that we find the most elaborate treatment in our economic literature. The dignity of labour is affirmed. A distinction is made between "pure" and "impure" types of labour, and between

[1] *Kauṭilīya*, III, 4 (p. 174):

सपादपणा धर्म्या मासवृद्धिः पणशतस्य; पञ्चपणा व्यावहारिकी; दशपणा कान्तारकाणाम्; विंशतिपणा सामुद्राणाम्; ततः परं कर्तुः कारयितुश्च पूर्वः साहसदण्डः ॥

[2] *Bṛhaspati* (tr. Jolly), XIV, 29.

labour upon one's own land and labour for hire.[1] Our old literature shows that the position of the domestic slave was, so far as the standard of life went, distinctly better than that of a hired labourer. Whether this was the cause, or the usual effect, of badly remunerated employments dragging down the people employed in them, or whether the lower real wages of the free labourer as compared with those of the slave, furnished a social index of freedom, it is not possible to decide. But, there is a definite pronouncement that it is degrading for a free cultivator to undertake paid service even under a king. This sentiment could not have been acted upon, and it probably represents only an attempt on the part of a writer to create an opinion unfavourable to rural exodus and unhealthy urban concentration. That the demand for labour was constant and considerable, and that the labourer's position had to be made attractive so as to secure an adequate supply of labour for agricultural and industrial purposes may be inferred from two features of ancient labour regulation. The first consists in the penalties for breach of contract by a labourer in addition to the liability for any damage caused by his neglect. The second consists in the liberal and humane provisions for the treatment of the labourer. Śukra suggests that a labourer should be remunerated according to his productivity and qualification and that the wages should be such as would maintain the labourer

Some Labour regulations.

[1] *Nāradasmṛti* (ed. Jolly, p. 141), V, 5-7:

कर्मापि द्विविधं ज्ञेयम् अशुभं शुभमेव च ।
अशुभं दासकर्मोक्तं शुभं कर्मकृतां स्मृतम् ॥
गृहद्वाराशुचिस्थानरथ्यावस्करशोधनम् ।
गुह्याङ्गस्पर्शनोच्छिष्टविण्मूत्रग्रहणोज्झनम् ॥
इष्टतः स्वामिनश्चाङ्गैः उपस्थानमथोऽन्ततः ।
अशुभं कर्म विज्ञेयं शुभमन्यदतः परम् ॥

and his family in tolerable comfort. In a maxim pointing to the bad economy of low wages, Śukra maintains that "servants who get low wages are enemies by nature and are plunderers."[1] For domestic servants, Śukra provides leisure for three hours in the day and nine hours in the night. His scales of sick, accident and pension benefits are very reasonable. A bonus of three months' pay is due to a servant who has served five years, and of six months' wages to one who has been long ill. A fortnight's leave with allowance is due to one who has been employed for a year, a life pension of one-half the pay to a public servant who has served for forty years, and half the amount to his widow or minor children in case he dies in service, a bonus of 1|8 of the pay for an efficient servant for every year of his service, with compensation to the family, in the case of a worker who dies in harness. Śukra realises fully the value of kind treatment as one of the alleviations of labour, and has many wise words of advice on the subject.[2] No

[1] *Śukranīti*, II, ll. 807-8:

ये भृत्या हीनभृतिकाः शत्रवस्ते स्वयंकृताः ।
परस्य साधकास्ते तु च्छिद्रकोशप्रजाहराः ॥

[2] *Ibid.*, II, ll. 815-835:

भृत्यानां गृहकृत्यार्थं दिवा यामं समुत्सृजेत् ।
निशि यामत्रयं नित्यं दिनभृत्येऽर्धयामकम् ॥
तेभ्यः कार्यं कारयीत ह्युत्सवाद्यैर्विना नृपः ।
अत्यावश्यं तूत्सवेऽपि हित्वा श्राद्धदिनं सदा ॥
पादहीनां भृतिं त्वार्ते दद्यात् त्रैमासिकीं ततः ।
पञ्चवत्सरभृत्ये तु न्यूनाधिक्यं यथा तथा ॥
षाण्मासिकीं तु दीर्घार्ते तदूर्ध्वं न च कल्पयेत् ।
नैव पक्षार्धमार्तस्य हातव्याऽल्पाऽपि वै भृतिः ॥
संवत्सरोषितस्याऽपि ग्राह्यः प्रतिनिधिस्ततः ।
सुमहद्गुणिनं त्वार्ते भृत्यर्धं कल्पयेत् सदा ॥

provisions of equal liberality are to be found in other parts of our old economic literature. Whether the precepts of Śukra reflect only his own ideals or the attempts to cope with a historical situation, we have now no means of knowing, nor whether his humane and sane precepts merely reflect the wisdom and experience of an economist of vision, or whether they are deductions from the actual treatment of a difficult labour situation of his age.

सेवां विना नृपः पक्षं दद्याद्भृत्याय वत्सरे ।
चत्वारिंशत्समा नीताः सेवया येन वै नृपः ॥
ततः सेवां विना तस्मै भृत्यर्धं कल्पयेत् सदा ।
यावज्जीवं तु तत्पुत्रेऽक्षमे बाले तदर्धकम् ॥
भार्यायां वा सुशीलायां कन्यायां वा स्वश्रेयसे ।
अष्टमांशं पारितोष्यं दद्यात् भृत्याय वत्सरे ॥
कार्याष्टमांशं वा दद्यात् कार्यं द्रागधिकं कृतम् ।
स्वामिकार्ये विनष्टो यस्तत्पुत्रे तद्भृतिं वहेत् ॥
यावद्बालोऽन्यथापुत्रगुणान् दृष्ट्वा भृतिं वहेत् ।
षष्ठांशं वा चतुर्थांशं भृतेर्भृत्यस्य पालयेत् ॥
दद्यात्तदर्धं भृत्याय द्वित्रिवर्षेऽखिलं तु वा ।

LECTURE V

PUBLIC FINANCE

FINANCE furnishes a meeting point for Politics, Ethics and Economics. It is therefore natural that, throughout history, theories of finance should be largely mixed up with their political and ethical aspects and implications. That this should have been so in ancient India also will not cause surprise, if it is remembered that the aim of individual and communal life then was the realisation of Dharma (*Dharmapradhāna*) and not a purely material objective (*Arthapradhāna*). In our theories of State finance the basic assumptions, in addition to the hypothesis that all human effort should be directed towards the goal set by Dharma, were the existence of government, and the maintenance of harmonious relation between the people and the government. In every one of our financial theories, the stress laid upon the necessity for the State involves a corresponding emphasis on the obligation of the people to support the sovereign authority, whatever its form. **Basic assumptions.**

Basing on religious sanction, the ruler's right to levy taxes and contributions, and the obligation of the people to pay them on an implied contract between the State and the subjects, had important corollaries. Imposition of taxes is not a matter of caprice. The duty to pay them is voluntary. The right to tax rests solely on the State's discharging its appointed duties. **Their corollaries.**

The modern criterion of a tax is that it is a *compulsory* levy by the State. The old Indian ideas of taxation are implied in the very conception of a tax.[1] It **Criteria of a tax.**

[1] *Sukranīti*, I, ll. 375-376:

स्वभागभृत्या दास्यत्वे प्रजानां च नृपः कृतः ।
ब्रह्मणा स्वामिरूपस्तु पालनार्थं हि सर्वदा ॥

is due to the King, because its payment is divinely ordained, because it flows from an original contract, and also because it is the price for the security afforded to the subject by the existence of a settled government. The State may not only levy its share from the owner's own property, but it can compel even the property-less person to contribute by his labour.[1]

Further, to our ancestors it seemed a reasonable deduction from their premises that the contributions made by a subject to the State should be deemed to be taxes only when they were collected for use in beneficial ways, and not for being squandered away by a tyrannical government. This attitude is reflected in the many exhortations to kings, in our political and economic literature, for the expenditure of the revenues of the State only in ways beneficial to the people.[2]

A further support to this view is found in the statements that the tax is simply the wage (*vetanam*) of the King, his reward for protecting his subjects, his remuneration for being the servant of the people, and his salary as a public functionary.[3] These ideas are developed by extending the meaning of 'protection', so as to make it comprehend internal security, including the

[1] *Āpastamba*, II, 10, 26, 9:

धर्म्यं शुल्कमवहारयेत्

Manusmṛti, VII, 138:

कारुकान् शिल्पिनश्चैव शूद्रांश्चात्मोपजीविनः ।
एकैकं कारयेत् कर्म मासि मासि महीपतिः ॥

[2] e.g., *Kāmandakīya*, V, 86:

काले चास्य व्ययं कुर्यात् त्रिवर्गप्रतिपत्तये ।

[3] *Mahābhārata*, XII, ch. 71, śl. 10:

बलिषष्ठेन शुल्केन दण्डेनाथापराधिनाम् ।
शास्त्रानीतेन लिप्सेथा वेतनेन धनागमम् ॥

and *Nārada* (Jolly's trn.), XVIII, 48.

maintenance of law and order, and the relief of indigence and unemployment.

Tax evasion. The element of compulsion in a tax suggests the possibility of total or partial evasion of the tax. A tax may be evaded by concealment of resources, false declarations, smuggling and cheating. It may be avoided altogether by the tax-payer removing himself, or his property, beyond the jurisdiction of the taxing state. That such methods of escaping the taxation were not unusual in ancient India may be inferred from the severe penalties provided for the offences. The *Arthaśāstras* and inscriptions show that the threat of subjects to leave the territory of an obnoxious ruler was often real. There is Śāstraic sanction for the exodus. According to the *Mahābhārata,* among the six persons who may be justly deserted, in the same manner as a ship which has sprung a leak in mid-ocean, is *the King who fails to protect his people.*[1] Kauṭilya pointedly refers to the readiness with which subjects, who are either oppressed by famine, or who suffer through defective protection in a State, readily lend ear to counsels of disaffection suggesting wholesale migration to the territories of other kings.[2] The rigour with which the evasion of taxes and customs are asked by Kauṭilya and other writers to be punished, indicates similarly the fact of evasions and the tendency for their spread. The highest fine in

[1] *Sānti Parva,* ch. 56, śl. 44-45:

षडेतान् पुरुषो जह्याद्भिन्नां नावमिवार्णवे ।
अप्रवक्तारम् आचार्यम् अनधीयानमृत्विजम् ॥
अरक्षितारं राजानं भार्यां चाप्रियवादिनीम् ॥
ग्रामकामं च गोपालं वनकामं च नापितम् ॥

[2] *Kauṭilya,* XIII, 2 (p. 394):

दुर्भिक्षस्तेनाटव्युपघातेषु च पौरजानपदान् उत्साहयन्तो सत्त्रिणो ब्रूयुः— "राजानमनुग्रहं याचामहे निरनुग्रहा परत्र गच्छामः" इति ॥

the Mauryan Empire, *viz.*, 3,000 *paṇas*, is provided for the offence of smuggling. The temptation of subjects to conceal their wealth and avoid its taxation should therefore be foreseen and prevented by a wise king. For, "he alone is the best of kings, whose subjects are not compelled to hide their wealth".

Interests of the Exchequer.

In our old economic theory the recognition of the moral, political, and economic necessity for taxation goes side by side with the perception of the importance of fisc. The Treasury is (*kośa*) one of the seven elements (*saptāṅga*) of the State. A king with an empty treasury preys on his people; keep the treasury therefore full. All enterprises find their root in treasure; let kings and ministers therefore endeavour to keep the treasury full. Wastage, faulty collection, defalcation and inefficient management, reduce treasure; let them be therefore sternly repressed. The works of Kauṭilya and Śukra, the former particularly, contain many such precepts. Their detailed character suggests that they reflect practice. It is with the same object that complicated machinery for auditing the collection of revenues[1] and its expenditure[2] is suggested by Kauṭilya and Śukra. The unwinking vigilance, with which the interests of the exchequer were safeguarded, is also testified to by the available epigraphic records of both North and South India. The latter relate mainly to the period of the great Coḷa Empire. They show that even small exemptions from taxation were invariably brought on record, and that the rule requiring the countersignature of the chief financial authority of the kingdom (*Olaināyakam*) to grants was always insisted

[1] *See* Dikshitar, *Hindu Administrative Institutions*, pp. 206-7.

[2] *Ibid.*, ch. IV, Sec. III.

on.[1] The minuteness with which revenue schemes are carefully worked out, in all their detail, in our old treatises, is itself proof of acute sensitiveness of an old Indian kingdom to the interests of the fisc.

It is mainly to safeguard the exchequer, as well as to secure the needed certainty in taxation, that importance is attached firstly, to an accurate survey and record of the holdings of land and of the productive resources of the kingdom generally, and secondly, to the census of the population and the collection of vital statistics, not periodically but as part of the daily administrative routine. The head of the village, the district officer, and the city mayor are all required by Kauṭilya to maintain accurate vital statistics. The enumeration of the people and their houses and cattle, as well as the measurement of arable land, pasture, and garden land, was the duty of the Collector (*Samāhartā*) of Kauṭilya, in order that there might be accurate data for the valuation and assessment of the people's wealth.[2] That such great surveys were actually carried out, even in big empires, is shown by the epigraphic references to two great surveys undertaken by the Coḷa Kings Rāja Rāja I[3] and Rājendra Kulottuṅga I,[4] in A.D. 986 and 1086 respectively. It is noteworthy that the records of the survey and settlement of A.D. 986 were available to the next survey, undertaken a hundred years later, mainly with the object of bringing up

Survey and Census.

[1] Madras Epigraphist's Report for 1910; S. Krishnaswami Aiyangar, *Ancient India,* 1911, p. 175.

[2] *Kauṭilya,* II, ch. 35, pp. 141-3. The whole chapter is worth attention. The City Mayor had to model his duties on those of the Collector. See *ibid.,* II, ch. 36, p. 143:

समाहर्तृवत् नागरको नगरं चिन्तयेत् ।

[3] *Madras Epi. Report,* 1912-13, p. 96.

[4] *Ibid.,* 1913-14, p. 37.

to date both the records and the assessments of the earlier survey. The maintenance of such detailed and comprehensive records of economic conditions and taxable capacity of the people, we owe in all probability to the old Indian custom of bringing *on record* every fiscal matter.[1]

State expenditure.

From the meticulous attention of our authorities to sources of revenue, however small, we should expect a corresponding minuteness in specifying the forms of obligatory State expenditure. But, the references to State expenditure in our authorities are not as full or systematised as those relating to the collections. A budget in the modern sense does not appear to have existed. Our writers are generally agreed that, in abnormal as in normal times, the expenditure of a State should not outrun its revenue. To ensure this, they strain ingenuity to discover new forms of revenue for meeting the progressive needs of the State. They advocate large and recurring annual surpluses. If, through unforeseen causes such as seasonal vicissitudes, epidemics or war, the income of the State shrinks, or its expenditure grows abnormally, the emergency is to be met by special expedients for raising the necessary funds. The elaborate provisions, which we find in the works of Kauṭilya and Śukra,[2] for meeting such emergencies would show that they were neither few nor infrequent.

This perfunctoriness in dealing with obligatory expenditure is striking if when considered in relation with

[1] *See* R. K. Mookerjee, *Local Government in Ancient India,* ch. VII.

[2] See *Kauṭilya,* Bk. V, ch. 2. The whole chapter, with its detailed description of the devices of 'emergency finance', is worth study. The fiscal expedients collected together in this chapter were apparently resorted to by financiers who were hard up. They are not to be treated as recommendations of Kauṭilya.

the acute sensitiveness of our financiers to the interests of the subjects. In strong language, the failure of the State to spend its revenues, in such a way as to develop the resources of the subjects, is censured.[1] In equally strong terms is the type of taxation condemned, which trenches on the accumulations of the people and cripples their productive capacity. Our financiers have many devices for relieving the subject, considered as a consumer as well as a producer. The elimination of the middleman in many manufacturing operations by placing them under direct State-management is one of these. The old Indian State relied very largely on what would now be called 'non-tax receipts'. This is probably due to the anxiety of Indian statesmen to discover forms of income, which would be free from conspicuousness, would not press hard on the poorer section of the population, and would be un-obnoxious.

Śukra on ratio of State expenditure to State income.

It must be however admitted, in fairness to Śukra, that he has made an attempt to give what he regards as the ideal proportions, in relation to the income, of the various items of public expenditure. But, he has furnished two seemingly inconsistent standards.[2] He lays down first, that heads of the villages (*grāma*) are to receive one-twelfth of the income from the village, that the army is to be maintained by three such parts, charity is to be met to the extent of half such part, and people

[1] समुदायिकेष्ववक्लृप्तिकं व्ययमुपहृत्य राजाऽनुतप्येत ।

See also *Sukranīti*, II, 337-8.

[2] *Sukranīti*, I, 631-635:

ग्रामस्य द्वादशांशेन ग्रामपान् सन्नियोजयेत् ।
त्रिभिरंशैर्बलं धार्यं दानमर्धांशकेन च ।
अर्धांशेन प्रकृतयो ह्यर्धांशेनाधिकारिणः ।
अर्धांशेनात्मभोगश्च कोशोंऽशेन च रक्ष्यते ॥
आयस्यैवं षड्विभागैर्व्ययं कुर्यात् तु वत्सरे ।

be entertained with half of such a part, officers are to be paid half such part, the King's personal expenditure is to be met out of half such a part, and the treasury is to have the balance. This rule, dividing the income into *six* divisions, is obviously designed for all States but the smallest. In a later part of his treatise, a different proportion is given by Śukra. "The ruler, whose income is hundred thousand *karṣas* should every month spend one thousand five hundred on contingencies, charities and personal wants, one hundred on clerks, three hundred on counsellors, three hundred on wife and children, two hundred on men of letters, four thousand on cavalry and infantry, four hundred on elephants, camels, bulls, and arms, and save the remaining one thousand five hundred for the treasury."[1] It will be noticed that the two standards differ greatly. In the former, the military expenditure forms only 25 per cent. of the revenue, while in the latter it amounts to 52·8 per cent. The allotment for charity and learning is a little over 4 per cent. in the first and only 2·4 per cent. in the second schedule. The cost of administration is set at 12 per cent. of the revenue in the former, and at only 3·6 per cent. in the latter. In the first scheme, 50 per cent. of the revenue is to be saved, and in the second only 18 per cent. The difference is however only apparent and not real. A reconciliation is possible if the first scheme is taken to indicate the manner in which the income derived from a village is to be expended, *in and for the village,* leaving a surplus of half the aggregate collections, for the use of the central government, and the second is viewed as giving the normal proportions of the heads of expenditure of the central government. The interpretation can be justified on two grounds. The passage

[1] *Sukranīti,* IV, vii, 53-58.

in *Śukranītisāra,* which lays down the first standard, definitely refers to the "collections of the village". Secondly, the absence of any reference to important and familiar items of revenue, such as customs, excise, tolls, etc., in that passage, should lead to the inference that it relates only to land revenue and minor collections made in the village. If this distinction is borne in mind, it will be possible to understand the difference in the percentages in these schemes for the several heads of expenditure, *e.g.,* the civil list, general administration, etc. The revenue of the village will not ordinarily include items which accrue to the central exchequer. Consequently, a smaller percentage of the consolidated receipts of the kingdom will represent a larger sum than a higher proportion of those revenues, which are raised from villages only, would amount to.

Heavy military expenditure.

Śukra is always for details, where details are available. His general recommendations in regard to the proportions of expenditure, without an attempt to work out their details, may suggest that the standards set by him were perhaps somewhat idealistic. But, it is not difficult to believe that parts at least of his scheme approximated to facts. For example, our knowledge of the strength of the army and the size of the military expenditure in Indian empires, for *e.g.,* the Mauryan empire, will justify the belief that the proportion of the annual income set apart for meeting the military expenditure might well have amounted to a little over one half the aggregate revenue. The growth of armaments may be explained in various ways, *e.g.,* from small States, weak international law and ambitious rulers, from the need to safeguard extensive frontiers against powerful and warlike neighbours, etc. This conclusion is strengthened by a study of the

chapter in Kauṭilya's *Arthaśāstra*[1] which deals with the salaries to be paid to soldiers of all ranks from private to the general-in-chief. The common foot-soldier of the Mauryan army was paid 500 *paṇas* a month which works out to about sixty rupees a month in money, at the present price of grain. A Mauryan general would have received what would now be equal to six thousand rupees a month. Relatively to those employed in civil occupations the soldiers of the Mauryan army were liberally paid, and the cost of maintaining in times of peace, an army so well paid, provided both the occasion and the justification for the very complex scheme of public revenue which we find.

Discretionary expenditure; its results.

The absence of details on the side of public expenditure of the same degree of fulness, as those which are given on the revenue side, in the *Arthaśāstra* of Kauṭilya will perhaps justify the belief that he shared with other Indian thinkers the view that all public collections are within the unfettered control of the ruler, and that the Government is at liberty, within the limits imposed by tradition and safety, to distribute them at its discretion between the various kinds of expenditure. A bad consequence of this position is that, under selfish or unwise rulers, a disproportionate amount of the revenue might come to be expended on the king's personal wants, the State charities, and an army too large for the needs of the country, thereby crippling reproductive expenditure on the material and moral development of the

[1] Bk. V, ch. 3 (pp. 245-247).

The wage of the lowest paid labourer is 60 *paṇas*. The foot-soldier therefore received over eight times the wage of the common labourer. According to the rate for commuting money to grain given, by Kauṭilya (Bk. V, ch. 3, p. 247), one *āḍhaka* of food-grain is equal to 60 *paṇas* of pay. An *āḍhaka* is equal to about two maunds, or a sack of food-grain roughly.

people, in what would now be termed nation-building activities.

State hoards, why made.

The advocacy of large State hoards, maintained from recurring annual surpluses, might be justified on the need of protection against war and famine. The bulk of the revenue is derived from land, and the prosperity of land depends upon the seasons. In spite of elaborate directions for precautions against the failure of rains and seasonal vicissitudes, which are given by our writers, such as the construction of reservoirs and channels for irrigation, the improvement of the means of communication, the constant extension of the area under cultivation, and the judicious redistribution of the agrarian population, in order to prevent congestion in particular localities, the inculcation of habits of thrift in the people and the formation of grain stores in suitable centres, we know that famines were then neither less frequent than in modern times nor less disastrous in effect. The liability of a State to be called to meet a foreign enemy, at any moment, follows from the weak international law of the time,[1] the unsettled nature of political boundaries and dynastic claims, the ideals set before the kings to make conquests, and the absence of a national sentiment, on which a State could rely in a stand against invaders. In such emergencies, a State could hardly depend solely upon a militia furnished by the *Kṣattriya* caste. Even on a peace-footing, the army had to be recruited, from all sections of the population. That this was the actual case is denoted by the discussion in Kauṭilya's *Artha-śāstra* of the relative merits of soldiers drawn from the

[1] *See* in this connection N. N. Law *Inter-state Relations in Ancient India*, 1920, and S. V. Visvanatha, *International Relations in Ancient India.*

different castes.[1] This comparison would be pointless if the profession of arms was the monopoly of the *Kṣattriya* caste. Constant preparedness for war, as a guarantee of internal peace and as security against foreign invasion, must have taken the form of large standing armies. Some idea of the conditions may be derived by the perusal of the narrative of Hiouen Thsang's travels in India,[2] during the seventh century A.D., and his accounts of the political divisions and the military strength of the various kingdoms of the day. The recollection of the waves of invasions, which had rolled over India in the past, from the north-west, should have also contributed to the general feeling of insecurity, and induced States to rest their safety upon the maintenance of adequate military forces, and on the accumulation of such cash reserves as would enable them to add promptly to their military strength, when needed.

Central and local expenditure.

The low percentage of expenditure apparently suggested for items of social service like poor relief, the construction of protective irrigation works, and industrial and commercial development, might also be explained. Our old theories separate central from local finance. We learn from Megasthenes[3] and Kauṭilya that municipalities had their own resources and fiscal obligations, and that they had to look after such matters as sanitation, the establishment and management of

[1] Bk. IX, ch. 2, p. 343:

ब्राह्मण-क्षत्त्रिय-वैश्य-शूद्रसैन्यानां तेजःप्राधान्यात् पूर्वं पूर्वं श्रेयः सन्नाहयितुम् इत्याचार्याः । नेति कौटिल्यः । प्रणिपातेन ब्राह्मबलं परोऽभिहारयेत् । प्रहरणविद्याविनीतं तु क्षत्त्रियबलं श्रेयः । बहुलसारं वा वैश्यशूद्रबलमिति ।

[2] A reference may be made to Beal's *Life of Hiuen-Tsiang* (Trübner's Oriental Series).

[3] Fragment 34. See V. R. Ramachandra Dikshitar, *Hindu Administrative Institutions*, 1929, pp. 374-381, where the evidence is summarised.

markets, the erection of fortifications, the city police and poor relief. The village is similarly responsible for its own administration, sanitation, poor relief, communications and irrigation. Within the province of the central government lie only those duties, which could not safely be assigned to villages and towns, or which could be more conveniently undertaken by the central government than by local bodies.

The budget proportions, in the *Arthaśāstra* of Kauṭilya, relate only to the expenditure from the central fisc. Such expenditure would naturally be small on those items for which provision is made by voluntary organisations, or in local bodies. In regard to poor relief, a definite responsibility was admitted to lie upon the State.[1] The State had to provide work for the unemployed, and asylums for those who by age, disease, or accident, were unable to earn their livelihood, and had no relations on whom they might be legally charged. Nevertheless, the burden of poor relief lay more heavily upon the people than on the State, in ancient as in modern India; but, it was willingly borne, owing to the belief in the spiritual benefits, which would accrue from the practice of charity.

The responsibility of the State for the advancement of education was believed to lie only in making stray gifts to eminent teachers, or in occasional endowments to big universities (*Pariṣad*). Such universities as those of Takṣaśila, Dhānya-kaṭaka on the

[1] *Bṛhaspati* quoted in the *Viramitrodaya*:

सभाप्रपादेवगृहतडागारामसंस्कृतिः ।
तथा वाथ दरिद्राणां संस्कारं यजनक्रिया ॥
[illegible]लायननिरोधश्च कार्यमस्माभिरंशतः ।
यत्रैवंलिखितं सम्यक्धर्म्या सा समयक्रिया ॥

Kṛṣṇā, Nālanda and Vikramśilā in Bihar, were in no sense State foundations. They were established and maintained out of pious gifts, made by private persons and kings.

Classification of revenue.

A consideration of the heads of income, in a well-developed ancient Indian State, and the principles of the assessment may now be attempted. For such a study, there is ample material in literature and in inscriptions. It will show that the tax system of ancient India was quite as complex as it now is. The classification of taxes was deemed to be important. The *Arthaśāstras* differentiate between forms of revenue, not according to their incidence but according to their source. Revenue is either derived from land (*pārthiva*), or derived from sources other than land (*apārthiva*). Under the former, come the contribution of the Crown lands (*bali*),[1] the land revenue paid by private owners (*bhāga*), the cesses collected on the supply of water from State sources, the tree-tax of one-sixth of the fruits of trees, medicinal herbs, etc., the profits of State mines and quarries, the sale produce of forest produce, and the income from the royal herds, as well as the tax collected from owners of private cattle farms. All other revenue comes under the head of *apārthiva*. In this rough classification, no attempt is made to distinguish direct and indirect taxes, rents, taxes and fees and royalties, and tax and non-tax receipts. The last of the distinctions may have appeared unimportant to our ancient economists, as from their standpoint, the only test of a tax was that it was due to the State. It does not, however, follow that the relative merits of direct and indirect taxation was not understood. In our ancient rules of taxation, we find that much store is set on the tax being directly levied

[1]See *Ar. Śās*, Bk. II, ch. 24, entitled *Sītādhyakṣa*.

from the tax-payer on account of its certainty, *e.g.*, of the land tax, the poll tax, etc. We also find that the advantages which indirect taxation affords for quietly adding to the burdens of the community, while enabling the revenue to be collected conveniently and economically, were also appreciated.

The tax on land.

During all periods of Indian history, land has been the mainstay of the State. That there was considerable scope for independent views in regard to the amount, which should be taken from the land, is shown by the difference of opinion among our writers. The rate varies from one-twelfth, one-tenth, one-eighth, and one-sixth, in normal times, to as much as one-fourth and even one-third of the produce, in times of emergency. According to *Manusmṛti*, the amount of the land tax might range from a twelfth to a sixth of the produce, the correct proportion being determined, as pointed out by the commentator Kullūka, by the nature of the soil and the labour necessary to cultivate it.[1] The prescription in the *Mahābhārata* is of proportions of one-tenth and one-sixth. In the *Jātakas*[2] the rate seems to have been from a twelfth to a sixth. According to Kauṭilya, the normal rate of land revenue is a sixth of the produce, but lower rates are admissible for lands which are not properly cultivated. "Fields that are left unsowed owing to the inadequacy of labour, may be brought under cultivation by employing labourers on condition of giving them half the produce; or free labourers might be permitted to cultivate such fields at their own expense paying a fourth or a fifth of the produce grown,"

भूम्युत्कर्षापकर्षापेक्षया कर्षणादिक्लेशलाघवगौरवापेक्षाश्चायं [illegible]-विकल्पः ॥

[1] *See* remarks on *Manu*, VII, 130.

[2] *Jātaka*, II, 239, 276, and 378; IV, 169.

he declares.[1] The first of these alternatives refers to a form of *metayer tenure,* still to be found in various parts of India; and both show the State's resolution not to allow any cultivable land to remain uncultivated. Like Kauṭilya, Śukra suggests that the rate be based on the amount of the produce, the cost of cultivation, the condition of the market, and the nature of the soil. The rate on barren and rocky land is not to exceed one-eighth, while it might be a fourth on rain-fed lands, a third on artificially irrigated lands, and as much as a half on lands which enjoyed continuous irrigation. The aim is always that, after the payment of the tax, a surplus should remain in the pocket of the cultivator. The net return to the cultivator should be 'double his outlay'. Śukra refers to the system of farming the revenue collection, to which however there is no explicit reference in earlier writings.

Additional imposts on land.

The imposition of the ordinary land tax (*ṣaḍbhāga*) does not exclude additional imposts upon land, such as the water cess, tolls, and octroi. In the days of Rajādhirāja Coḷa (1035-1053 A.D.) the total demand of the State, on all these accounts, was a little over 25 per cent. of the gross out-turn from land.[2] It was apparently not less in the days of Kauṭilya. The practice of our old financiers appears to have been to accept the śāstraic canon of taking only a sixth of the produce of land, (*ṣaḍbhāga*) as the State's share, but add to it a series of fresh demands bringing the aggregate collection to a great deal more than the one-sixth. A further device, which Śukra suggests, is to take advantage of the differ-

[1]*Kauṭilīya,* II, 24:

वापातिरिक्तमर्धसीतिकाः कुर्युः । स्ववीर्योपजीविनो वा चतुर्थपञ्चभागिकाः । यथेष्टमनवसितं भागं दद्युरन्यत्र कृच्छ्रेभ्यः ।

[2] See K. V. Subramania Aiyar—*Historical Sketches of the Dekhan,* 1917, p. 352.

ence between the standards of land measurements, named after Manu and Prajāpati, the former being four-fifths of the latter, and substitute the standard of Manu for that of Prajāpati, the ordinary standard, in measurements preceding assessment. The result would be a 25 per cent. addition to the collection, or five per cent. of the gross produce.[1]

Miscellaneous revenue.

The number of the other items of revenue is legion. Some indication of them may be gleaned from the *Kauṭilīya*. Kauṭilya classes revenues in seven divisions, according to source.[2] Among them are the following: the income from the country (*rāṣṭra*), which includes the revenue from Crown land (*sīta*), from private lands (*bhāga*), the special tax demanded from land for religious purposes (*bali*), sundry collections in money (*kara*), the dues on boats, ferries and ships (*tara*) and road cess and toll (*vārtam*). The revenue derived from cities included items such as fines, license fees on weights and measures, fees for the issue of passports, income from the jail, mint, gambling houses and slaughter-houses, the proceeds of the salt monopoly, gate dues, octroi, and the profession tax.[3] The revenues from

[1] I, 418-419:

प्राजापत्येन मानेन भूभागहरणं नृपः ।
सदा कुर्याच्च स्वायत्तौ मनुमानेन नान्यथा ॥

[2] II, ch. 6.

[3] Each of these heads is dealt with in detail by Kauṭilya. His classification is as under:

Kauṭilīya, II, 6:

समाहर्ता दुर्गं राष्ट्रं खनिं सेतुं वनं व्रजं वणिक्पथं चावेक्षेत ।

शुल्कं दण्डः पौतवं नागरिको लक्षणाध्यक्षो मुद्राध्यक्षः सुरा सूना सूत्रं तैलं घृतं क्षारं सौवर्णिकः पण्यसंस्था वेश्या द्यूतं वास्तुकं कारुशिल्पिगणो देवताध्यक्षो द्वारबाहिरिकादेयं च दुर्गम् ।

सीता भागो बलिः करो वणिक् नदीपालस्तरो नावः पट्टनं विवीतं वर्तनी रज्जूश्चोररज्जूश्च राष्ट्रम् ।

monopolies and from the State mines, forests and cattle ranches comes under another head. The main sources of revenue are the land tax (including forests), customs and excise, the proceeds of the salt monopoly, property taxes, judicial and other fines, the profits of State factories, the revenue from the Crown monopolies in gambling, the sale of intoxicants, the manufacture and sale of salt and saffron, the trade in horses and fine wool, the sale of elephants, and miscellaneous items like octroi and port dues. Besides these, *Manusmṛti* mentions the poll-tax, and forced labour or corvee.[1] Treasure trove, presents made to the king, escheat and capital-levies, like those suggested by the *Mahābhārata*,[2] are among emergency measures, and are classed as unusual or occasional revenue. The most important taxes on consumption are customs and excise, which, along with land revenue, formed the mainstay of the State. Customs duties are *ad valorem*.[3] In cases in which the imported articles competed with the manufactures, of which the

सुवर्णरजतवज्रमणिमुक्ताप्रवालशङ्खलोहलवणभूमिप्रस्तररसधातवः खनिः ।
पुष्पफलवाटषण्डकेदारमूलवापाः सेतुः ।
पशुमृगद्रव्यहस्तिवनपरिग्रहो वनम् ।
गोमहिषमजाविकं खरोष्ट्रमश्वतराश्च व्रजः ।
स्थलपथो वारिपथश्च वणिक्पथः । इत्यायशरीरम् ॥

[1] VII, 138-139.

[2] XII, ch. 88, 27-34; ch. 130, 39ff and *Manusmṛti*, VIII, 34-35, 39.

प्रनष्टाधिगतं द्रव्यं तिष्ठेद् युक्तैरधिष्ठितम् ।
यांस्तत्र चौरान् गृह्णीयात्तान् राजेभेन घातयेत् ॥ ३४
ममायमिति यो ब्रूयान्निधिं सत्येन मानवः ।
तस्याददीत षड्भागं राजा द्वादशमेव वा ॥ ८. ३५
निधीनां हि पुराणानां धातूनामेव च क्षितौ ।
अर्धभाग्रक्षणात् राजा भूमेरधिपतिर्हि सः ॥ ८. ३९.

[3] *Kauṭilīya*, II, 21.

State had a monopoly, *e.g.*, salt, a higher duty of sixteen and one-third per cent. was imposed on the imports, to protect the State monopoly. The rates of customs duty ranged from 2 per cent. in the case of articles of ordinary consumption, to sixteen and one-third per cent. in the case of imported salt, to certain unspecified but higher percentages on articles of great value like conches, diamonds, pearls, etc., in whose case the amounts to be paid were fixed then and there by the custom house experts.[1] The duty of 10 per cent. imposed on foreign goods by Kauṭilya is not unreasonable, as the imports consist mostly of luxuries. In their case the customs duty served to augment the revenue or to restrict consumption. It is on the same principle that, while the ordinary duty on sales is 5 per cent., silk garments, arsenic oxide, skins, carpets, etc., are charged twice the duty, *i.e.*, 10 per cent. Light duties are imposed on articles of common consumption or of use in local manufactures, and heavy duties on articles of luxury. Kauṭilya frees from import duty grain, cattle and metals, as well as weapons, armour, military vehicles.[2] The list is significant.

Inheritance taxes are not mentioned by Kauṭilya. Among the direct taxes are fees for licensing weights and measures, gambling houses, and places of amusement. In times of stress, even domestic cattle and the income of artisans are liable to taxation.[3]

Non-tax revenue. The non-tax receipts of Kauṭilya's State appear to have been derived from the fleet of boats for passengers and goods, the earnings of river ferries, and the profits

[1] *Kauṭilīya*, II, 16 and 22.

[2] See *infra* note 3 on p. 95; and *ibid.*, II, 21, p. 111.

[3] *Mahābhārata*, XII, 87, 14.

of State undertakings.[1] Three monopolies are mentioned.[2] The first is in oil, and the second is in salt, which was either manufactured directly under State supervision or under license. Mining is the third monopoly. According to *Manusmṛti,* it was open to the public, perhaps under license, subject to the payment of a royalty of 50 per cent. Like treasure trove, the State had the first right to mines, a discoverer only getting a share. Kauṭilya makes a curious classification of mines, as "ocean mines", which yield pearls, conch shells and coral and salt, and "land mines", which yield metals and gems. The distinction is perhaps due to administrative reasons. Besides these, there is the income from poor-houses maintained by the State, partly for the manufacture of the articles needed for its own use, (like our present day jail industries), and partly to find employment for slaves and the able-bodied destitute.[3]

Among miscellaneous collections are judicial fines, port dues,[4] which were distinct from both customs and excise, fees for fishing licenses, the seigniorage on coinage[5] and escheat.

The above enumeration of the chief items of Mauryan finance will show that virtually no conceivable taxable source was left untapped.

Principles of taxation.

The analysis of our old schemes of taxation reveals their underlying principles. Maxims of taxation are sometimes given, but they are more rules of taxes than of taxation. The principles can be collected under the familiar heads of modern canons of taxation. The advice of Kauṭilya that the State should imitate the wise gardener, who collects only the ripe fruit, involves

[1]*Kauṭilīya,* II, 28.
[2]*Ibid.,* II, 12.
[3]*Ibid.,* II, 23.
[4]*Ibid.,* II, 28, 126.
[5]*Ibid.,* II, 13.

the 'canon of convenience.' Very often the precepts are shrouded in picturesque figures of speech. Such similes are numerous. The taxing king is, for example, to be a wise cow-herd, behave like the bee, the leech, the tiger, the mouse, the owner of a young bull, the garland-maker and the market-gardener. The commentators explain these similes as rules of finance.

The State was enjoined to permit the resources of the subjects to grow before imposing taxes on them. A tax should be collected after a careful consideration of place (*deśa*) and time (*kāla*). This implies the 'canon of convenience.'[1] The specification of the percentages to be collected, under the several tax-heads, denotes that the proportion to be paid is to be definite and its amount, as well as the time and manner of its payment, are to be as clear to the payer as to the tax collector. This is a 'canon of certainty'. The 'canon of economy' is involved in the exhortation to keep down expenses,[2] and avoid waste and the multiplication of agencies for collection. The aim is obviously to do what Adam Smith has enjoined, *viz.*, "to take out and to keep out of the pocket of the tax-payer as little as possible over and above what goes to the coffers of the State." The 'canon of equality', in the sense of equality of sacrifice, is admittedly hard to put into practice, because sacrifice is measurable only by reference to psychical States. This is perhaps why our old economists do not trouble themselves to lay down

[1] *Mahābhārata*, XII, 38, 12:

न चास्थाने न चाकाले करांस्तेभ्यो निपातयेत् ।
अनुपूर्वेण सान्त्वेन यथाकालं यथाविधि ॥

Kauṭilīya, V, 2, p. 244:

पक्वं पक्वमिवारामात् फलं राज्यादवाप्नुयात् ।
आत्मच्छेदभयादामं वर्जयेत् कोपकारकम् ॥

[2] Economy is the very spirit of Kauṭilya, who hates waste. See *Mahābhārata*, XII, 87, 16.

any rules to secure parity of sacrifice. Nor was it to be expected from them, if the social assumptions of their times are considered.

Faculty in taxation.

Faculty to pay, in our old rules, is limited to the ability to pay individual taxes, and it does not extend to the tax-system, considered as a whole. It is repeatedly urged that what a person should pay as a tax should depend upon his capacity. The land tax is not to be collected if the harvest does not leave a margin out of which the tax can be paid. The schedule of taxes on commodities and sales is to be prepared only after calculating cost of production, normal profits of the trader and other middle-men, length of time for which the article will remain unsold, possibility of clearing the entire stock and the fluctuations of the market. In the words of *Manusmṛti,* the *yoga-kṣema* of the tax-payer must receive due attention.[1] Yoga-kṣema is a wide expression and it would comprehend all the conditions considered necessary for ensuring the stability (*yoga*) and welfare (*kṣema*) of the tax-payer.[2] The exemptions of the unaffluent sections of the people in ordinary times from the taxation, to which they are liable in times of difficulty to the State, as well as the imposition of higher duties on articles of luxury consumed by private individuals, imply a principle of progression. Double taxa-

[1] VII, 127:

क्रयविक्रयमध्वानं भक्तं च सपरिव्ययम् ।

योगक्षेमं च संप्रेक्ष्य वणिजो दापयेत् करान् ॥

[2] The expression occurs in *Manusmṛti,* IX, 219 among a list of impartibles. Bühler (p. 379) takes it to mean 'property destined for pious uses'; also, in a philosophical sense in *Bhagavadgīta,* IX, 22. For a recent discussion of the wide import of the expression, see Amarnath Ray: *"Yoga Kṣema",* in Bulletin of the School of Oriental Studies in London, Vol. VII, Pt. I, pp. 133-137 (1933).

tion is viewed as unfair.[1] A rebate of the customs duty, paid by a foreign merchant, is to be given if the omission to grant the rebate will discourage foreign trade.

In one respect, our old tax systems may be regarded as in advance of the modern. The present-day criterion of taxability is the possession of wealth or income. A sturdy mendicant is not taxable, even if his idleness is self-imposed. An indigent vagrant becomes formally or informally a burden on the community. In the old Indian view, the potential capacity to earn an income is equal to the possession of an income, for purposes of taxation, with the exception of the exemptions dictated by the religious beliefs of the age (Brahmans, monks, etc.). The old Indian State granted no other. Every one capable of doing work is to be taxed in either the fruits of his labour or in unpaid labour for the State. The utilisation of the labour of criminals and civil debtors for public undertakings, like the construction of roads, reservoirs, embankments, etc.,[2] and the levy of compulsory labour (*visti*) from those unable to pay in cash, illustrate this principle. It is permissible to see in

Criterion of taxability.

[1] *Śukranīti*, IV, 2, śl. 214-5:

वस्तुजातस्य एकवारं शुल्कं ग्राह्यं प्रयत्नतः ।
कच्चिन्नैवासकृत् शुल्कं राष्ट्रे ग्राह्यं नृपैश्च्छलात् ॥

[2] *Śukranīti*, I, 536-7:

मार्गान् सुधाशर्करैर्वा घटितान् प्रतिवत्सरम् ।
अभियुक्तनिरुद्धैर्वा कुर्याद्ग्राम्यजनैः नृपः ॥

Ibid., IV, 1, 181-3:

नीचकर्मकरं कुर्याद्बन्धयित्वा तु पापिनम् ।
माससमात्रं त्रिमासं वा षण्मासं वापि वत्सरम् ।
यावज्जीवं तु वा कश्चित् न कश्चिद्वधमर्हति ॥

Ibid., IV, 1, 215, 217:

स्वभावदुष्टानेतान् हि ज्ञात्वा राष्ट्राद्विवासयेत् ।
मार्गसंस्करणे योज्याः कदन्नन्यूनभोजनाः ।
तत्तज्जात्युक्तकर्माणि कारयीत च तैर्नृपः ।

the practice a recognition of the contingent advantage of reducing the number of idle vagrants and paupers, who might become a social encumbrance or even a political menace. The Indian economist is conscious that taxes must fall on persons, and not on property.

The social benefit theory.

It has already been pointed out that the right of the State to tax arises solely from the protection it gives, the right ceasing when the capacity to protect disappears. 'The social benefit theory', which seeks to establish a relation between taxes and the benefits conferred to the tax-payer, may appear to be implied in this postulate, but it is not. For, if the principle of protection is applied to individuals, so as to make the contribution in taxes proportionate to the benefit derived by each tax-payer, the absurd position, that the members of society who receive most benefit from the State, should contribute most, is reached. This fallacy is escaped in the Indian proverb, 'the right of the road is to the blind, the deaf, and the cripple'.[1] Social benefit is estimated by reference to the benefit to the community as a whole, and not to the individuals composing the community.

Non-economic aims of taxation.

Tax systems are often used to secure specific social and political objects. This possibility is not lost sight of by our authorities. The concentration in State workshops of the manufacture of spirituous liquors, poisons and drugs, whose unrestricted use would under-mine the health and morale of the people, is apparently dictated by this conviction.[2] Consumption is controlled more by regulating the quantity produced than by raising prices to the consumer. Unrestricted production of liquor,

[1] अन्धस्य पन्था बधिरस्य पन्था न्यङ्गस्य पन्थाः ।

[2] *Kauṭilya,* II, 25, p. 119:

सुरायाः प्रमादभयात् कर्मसु निर्दिष्टानाम्, मर्यादातिक्रमभयात् आर्याणाम्, उत्साहभयाच्च तीक्ष्णानाम्, लक्षितम् अल्पं वा चतुर्भागम् अर्धकुडुबम्, कुडुबमर्ध-प्रस्थं वेदितज्ञातशौचा निर्हरेयुः । पानागारेषु वा पिबेयुः असंचारिणः ।

side by side with its sale at high prices, invites evasion, illicit production and even excessive consumption, for as Adam Smith saw, the attraction of deleterious articles is as often their high price as their intrinsic qualities.

Elasticity

Most of our old taxes were chosen for their high productiveness. Their large number reflects the life of a big kingdom, with a large and composite population. Under a good system the revenue must automatically grow with the growth of the wealth and population of the country, and with the increasing calls for governmental expenditure. This elasticity in the tax-system is secured by our old financiers by a mixture of direct and indirect taxation, and by making the tax on land (the area of which was under constant extension) and the taxes on articles in common use, the chief props of the fisc. Land revenue furnishes an income which is steady and calculable. Taxes on consumption are also increased easily without new machinery and generally without additional cost.

General review of Indian Finance.

The above survey of ancient Indian Finance reveals certain features. It shows the completeness of theories and their remarkable soundness, even if judged by modern canons. It discloses also the powerful hold which the theories had upon the Indian rulers. Our inscriptions and literature delight to say that particular kings levied taxes only in accordance with the precepts of sages like Manu. This can only mean a widespread desire to pay homage to an *ideal.* A third feature consists in the ingenuity shown in devising tax schemes which, while filling the treasury, put little additional burden on the people. Such lurid pictures, as we find in the *Rājataraṅgiṇī* of Kalhaṇa, of objectionable fiscal expedients to which an extortionate king like Śankaravarman (A.D. 883-902)

had recourse, the fill a depleted treasury,[1] and the study of the methods suggested by even public spirited and high-minded writers like Kauṭilya[2] and Śukra, for making additions to the income of the State, in periods of grave emergency,[3] show that the administration of our old Indian States, normally in accordance with the maxims of Indian economists, was in no way oppressive. It may even be claimed for the old Indian State that it anticipated and avoided some of the difficulties with which a modern State is often faced, because of the differences in their outlook. Our old economists openly base, on certain fundamental ethico-social assumptions, the right to tax and the liability to pay. It became thereby possible for them to use the tax system to prevent such social stratification as might lead to class hatred, anarchic agitation and a proletariat. The survey of economic policies and conditions of a great empire, like that of the Mauryas or the Guptas or the imperial Coḷas *at their best*, will show that however heavy the burden of taxation might sometimes have proved, it was borne by the different classes of the population because, among other things, they had the satisfaction that they obtained adequate protection against dangers, internal and external, the service of an efficient administration presided over by sovereigns, who shared their belief in the direction of all human activity to the goal to a high moral purpose.

[1] *Rājataraṅgiṇī*, V, 160-183.

[2] Bk. V, ch. 2.

[3] I, 418-9 gives a device to increase the assessment by over 50 per cent. Also, see *Nītivākyāmṛta*, p. 82: (Gopala Narayan edn.):

देवद्विजवणिजां धर्माध्वरपरिजनानुपयोगिद्रव्यपरिभागैः आढ्यविधवा-विनियोगि-ग्रामकूट-गणिका-संघ-पाषण्डविभवांशप्रत्यादानैः समृद्धैः पौरजानपद[illegible]-विभागप्रार्थनैः अनुपक्षयश्रीकरणमन्त्रिपुरोहित[illegible]-धनाभ्यां क्षीणकोशः कोशं कुर्यात् ॥

LECTURE VI

ECONOMIC FUNCTIONS OF GOVERNMENT

THE economic ideals of a government may be deduced from its character, aims and activities. It will not be correct to ascribe all activities of a State to economic causes. A government in its actual work is influenced by many complex ideas. Even if the word 'economic' be given a wide extension of meaning, it will not be possible to bring under it all the ideals and activities of an advanced community. Religious and moral ideals and political expediency are interwoven with economic ideals in the evolution of forms of government. In the cases of governments like those of ancient India, which frankly started with religio-ethical aims, it is difficult to attempt an interpretation of their working, which would make the economic factor the sole or even the most powerful. On the other hand, economic aims are themselves often subordinated to, or result from, the religious and ethical ideals of governments.

Difficulty of isolating economic aims.

In the search for the underlying motives of the political and economic organisations of ancient India, we encounter two difficulties. The first consists in the absence of any clear lines of demarcation between religious, ethical, political and economic ideas. The second arises from the character of the 'sources' from which we derive our knowledge of the past. The authors of the *Dharmaśāstras* and *Arthaśāstras*, as well as the administrators, who have left the impress of their aims in inscriptions, were all realists. They were more concerned to state in unambiguous terms their principles than to explain how they were arrived at. In interpreting our sources, we are faced with a difficulty. We find that

our deductions have to be made often from inadequate data, and, being purely inferential, are of a somewhat tentative character. A further difficulty comes from the absence of suitable modern equivalents for old words describing positions or ideals. Nevertheless, it is worth while to attempt a critical study of the economic functions of government in ancient India.

Economists of to-day will be seriously embarrassed if they are called upon to formulate their views on the functions of the State in a few simple propositions. The difficulty was not apparent a generation or two ago, when such formulation was the fashion. Doctrines implying the minimum of interference and a touching belief in what Adam Smith calls "the obvious and simple system of natural liberty", or the theory of maximum utility, or unrestricted individualism or collectivism, are all equally unfit to describe the complex economic aims of the State, Indian or Western, ancient or modern. Governments have rarely been the product of theory. Their eclectic aims, both in the past and in the present, have been due to the complexity of the problems which they have had to face. It is difficult to find correct labels for the economic ideals of governments. A safe course in an enquiry like ours will be to find out how our States acted, and deduce from their actions their views of economic functions of States.

Criteria of State action.

The attitude of our old economists and statesmen towards the economic ends of government is fairly clear. Their theories of consumption are bound up with the assumptions by which communal life is justified.[1] They led naturally and directly to attempts to regulate consumption, and through the modification of the standards of life, to the control of production and distribution.

[1] See *infra*, Lectures III and IV, pages 70 ff., and 102 ff.

In production, the State usually follows the principle of allowing the fullest individual freedom and enterprise, compatible with the limits imposed by caste or group organisation and State monopoly. Where, for economic or political reasons, the State assumes the role of a producer, it does so like a private entrepreneur, taking full advantage of competition. For example, the textile industry,[1] in which the government was advised by Kauṭilya to take an active and direct part, was not to displace all individual effort in the same direction. Even in cases in which the State was advised to create a government monopoly, as in the manufacture and distribution of salt and liquor,[2] scope was left for the play of private effort. The freedom was retained by private persons to undertake such manufacture and distribution, either on behalf of the State, or under supervision, subject only to the condition that they should divide their profits with the State in proportions to be fixed by the latter. When the State undertook such objectionable tasks as the running of gambling dens and brothels,[3] its

[1] *Kauṭilīya*, Bk. II, ch. 23 (*Sūtrādhyakṣa*).

[2] *Ibid.*, II, 12, p. 84 (salt), and II, 35, p. 121 (liquor):

(a) लवणाध्यक्षः पाकमुक्तं लवणभागं यथाकालं प्रक्रयं च संगृह्णीयात् । विक्रयाच्च मूल्यं रूपं व्याजीम् । आगन्तुलवणं षड्भागं दद्यात् । दत्तभागविभागस्य विक्रयः पञ्चकं शतं व्याजीं रूपं रूपिकं च । क्रेता शुल्कं राजपण्याच्छेदानुरूपं च वैधरणं दद्यात् । अन्यत्र क्रेता षट्शतमत्ययं च ॥

(b) कुटुम्बिनः कृत्येषु श्वेतसुराम् औषधार्थं वा अरिष्टमन्यद्वा कर्तुं लभेरन् । उत्सवसमाजयात्रासु चतुरहः सौरिको देयः । तेष्वनुज्ञातानां प्रहणान्तं दैवसिकमत्ययं गृह्णीयात् । अराजपण्याः पञ्चकं शतं शुल्कं दद्युः ॥

[3] *Ibid.*, III, 20, p. 197:

द्यूताध्यक्षो द्यूतमेकमुखं कारयेत् । अन्यत्र दीव्यतो द्वादशपणो दण्डः । गूढाजीविज्ञापनार्थम् ।

Yājñavalkya, II, 203:

द्यूतमेकमुखं कार्यं तस्करज्ञानकारणात् ।

chief purpose was admittedly administrative and ethical. Where it is not possible to enforce total prohibition of an evil, the next best thing to do is to control it by either effective regulation or by State supervision. Kauṭilya says explicitly that these questionable enterprises were of great value to the State in preventing and detecting crime.[1]

Individual freedom and State intervention.

The various ways in which the ancient Indian State enjoined to assist agriculture (*e.g.*, the provision of facilities for irrigation, the grant of agricultural loans and remissions of land revenue in seasons of distress) denote less interference with individual liberty than the realisation by the State of its responsibility, as a protector and a partner in the work of cultivation.[2] The special protection given to artisans described by Megasthenes and Kauṭilya[3] bears witness to the Mauryan State's patronage of crafts. The feature of State activities of this type will justify the remark of Megasthenes that the Indian ryot was free, and confirm the description of the Gupta policy of *laisser faire*, given by Fa-hien.[4]

[1] *Kauṭilīya*, II, 25, p. 120 (drinking saloons):

तत्रस्थाः प्रकृत्यौत्पत्तिकौ व्ययौ गूढा विद्युः आगन्तूंश्च । क्रेतॄणां मत्तसुप्तानाम् अलंकाराच्छादनहिरण्यानि च विद्युः । तन्नाशे वणिजः तच्च तावच्च दण्डं दद्युः । वणिजस्तु संवृतेषु कक्ष्याविभागेषु स्वदासीभिः पेशलरूपाभिः आगन्तूनाम् अवास्तव्यानां च आर्यरूपाणां मत्तसुप्तानां भावं विद्युः ॥

[2] *Ibid.*, II, 24.

[3] *Ibid.*, IV, 1; Fragment, XXVII, D: "He who causes an artisan to lose his eye or his hand is put to death"; *Arrian*, Fragment, XII (p. 216 of Calcutta re-print).

[4] S. Beal, *Si Yu Ki*, 'Buddhist Records of the Western World,' I, 1906, pp. XXXVII *et seq*: "The people are very well off, without poll-tax or official restrictions......If they desire to go, they go; if they like to stop, they stop."

It will be a mistake to characterise the ancient Indian ideal as the full acceptance of individualism and *laisser faire*. An occasional collectivist trend is often as patent as the normal disposition to favour individual freedom. The various attempts at municipal ownership and control of the agents of production and of the objects of consumption, the different monopolies which the State created for itself, in the production and distribution of articles of either vital necessity or of importance to the military strength and stability of the kingdom, might justify an opinion that the Indian State was biassed largely in favour of communal ownership of the agents and instruments of production, from the desire to safeguard the interests of the people as producers and consumers. The numerous regulations on the subject of just prices, interest and wages, indicate a similar bias and motive.[1] Lastly, a claim is made for the State that it has not merely an eminent domain over all private property, personal as well as real, involving the liability of all such property to be used for the good of the community, but it has the ultimate ownership of all the land and water in the kingdom. This would be another evidence of a collectivist trend.[2] In practice, the cultivator of land was its owner, and enjoyed every incident of ownership, precisely in the same way as though a superior right to the land did not vest in the State. It must be also admitted that the *Dharmaśāstras* and writers on *Mīmāmsa* uphold the full private ownership in land and other natural resources, if they have

Trend towards collectivism.

[1] *Infra*, Lecture IV, *passim*.

[2] See T. E. Colebrooke's *Digest of Hindu Law*, I (1801), pp. 460-463; and *Rāmāyaṇa*, *Kiṣkindhā-kāṇḍa*, 18, 6:

इक्ष्वाकूणाम् इयं भूमिः सशैलवनकानना ।
मृगपक्षिमनुष्याणां निग्रहप्रग्रहावपि ॥

come under private occupation and control. Nevertheless, in theory at least, the right of the king to be regarded as the lord of all the land and the water in the kingdom is seldom abandoned. It is explicitly stated in a śloka cited in Bhaṭṭasvāmin's commentary on Kauṭilya's *Arthaśāstra*.[1] Translated, as it stands, this verse states: "The king is the lord of land (*bhūmi*) and water, according to the opinion of those who are learned in the Śāstras. Householders have an equal right in all property excepting these two." Literally interpreted, this dictum asserts the State's right to the ownership of land and other natural resources, and at the same time it concedes private persons such rights of a temporary or permanent character as they may have acquired in those objects by prescription and adverse possession, except as against the State. If private ownership of the land was a fact, its being challenged is itself a sign of the bias of some of our old writers.

Paternalism. It is also difficult to accept the characterisation of the economic activities of the ancient State as 'paternal'. Doubtless, one of the commonest exhortations to the king is to treat his subjects like children and to behave like a father towards his people.[2] From these it is inferred that the term, which most correctly describes the relation of the old Indian State to its subjects, is *paternalism*. But 'paternalism' implies not merely benevolence but the tendency to regard the people as unable,

[1] Bhaṭṭasvāmin's *Commentary*, p. 138:

राजा भूमेः पतिर्दृष्टः शास्त्रज्ञैः उदकस्य च ।
ताभ्याम् अन्यत्र यद्द्रव्यं तत्र स्वाम्यं कुटुम्बिनाम् ॥

[2] E.g., *Kauṭilīya*, II, 1, p. 47: तान् पितेव अनुगृह्णीयात् । ; *ibid.*, II, 28, p. 126: मूढवाताहतां तां पितेव अनुगृह्णीयात् ; *ibid.*, IV, 3, p. 208: सर्वत्र च उपहतान् पितेव अनुगृह्णीयात् ; *ibid.*, VII, 16, p. 310: दत्त्वा च अभयं पितेव अनुगृह्णीयात् ।

if not unfit, to manage their own affairs. Is this the conception in ancient India? Is not individual responsibility then stressed? Does not the doctrine of Karma run like a thread through all ancient Indian religion? And, does the recognition of custom and usage of local, family, professional or corporate kinds warrant the inference that the State believed its subjects to be mere children? Is this assumption again consistent with the wide freedom for initiative accorded to all individuals, even to the extent of allowing change of occupations contrary to the precepts of *Varṇāśrama Dharma*? An examination of the activities of the old Indian State will show that the paternal activity of the State is referred to only by way of pressing upon Government the necessity of kind treatment of the people and of bringing home to both the governments and the people their reciprocal obligations and the character of the ties binding them to each other.[1]

The provisions regarding standards of life, the establishment of workhouses for destitute women, and innumerable limitations of individual freedom (of which we have many illustrations in Kauṭilya's *Arthaśāstra*) may be construed similarly, not as indicating a belief in the unfitness of the individual to manage his affairs or of a distrust in the sufficiency of 'enlightened self-interest', but, as flowing from a wider conception of the responsibility of the State for the welfare of the whole country.

The absence of a definite socialistic bent of mind[2]

[1] The *Kauṭilīya* explicitly declares such an expression to be only a simile, *e.g.*, XV, 1, p. 426:

दृष्टेनादृष्टस्य साधनम् उपमानं—'निवृत्तपरिहारान् पितेव अनुगृह्णीयात्' इति ।

[2] See the author's *Some Aspects of Ancient Indian Polity*, 1916, p. 72. Mr. Hemachandra Ray argues that the *Kauṭilīya* advocates State

is proved by the recognition of the sense of property (*mamattva*), as essential to the existence of both State and society, and by the refusal to embark on financial adventures, whose avowed object is to bring about a re-adjustment of the shares in distribution and the equalisation of income, irrespective of any principle proportioning shares according to capacity and efficiency. The recognition of individual proprietary right of an alienable and heritable character, in all forms of wealth, is definitely anti-socialistic.

Protection in a wide sense, the State's duty.

If we take into consideration either the precepts of *Dharmaśāstras* and *Arthaśāstras*, or the evidence of the inscriptions in regard to the functions actually discharged by the State, it is found that they centre round the principle of protection. This protection, as already explained,[1] is interpreted in a broad sense, so as to comprehend virtually every beneficent activity of the State. Under this head come such functions, in preserving internal order and securing life and property, as are implied in the judicial, police, sanitary regulations of the Government. Under it too, comes the obligation of the State to safeguard itself against both internal and external danger. Under this head again can be brought

socialism. See his paper—"*Was State Socialism known in Ancient India?*" in the Sir Ashutosh Mookerjee Silver Jubilee Volumes, Vol. III, *Orientalia,* 1922, pt. I, pp. 429-46.

[1]See *infra,* Lecture II. Many of the duties are implied in the functions of the *Sannidhātā* ("Collector-general") detailed in Bk. II of the *Kauṭilīya,* as explained by the commentators, Bhaṭṭasvāmin and Gaṇapati Śāstri. See also *Kāmandakīya,* Sarga 5, śl. 77-78:

कृषिर्वणिक्पथो दुर्गं सेतुः कुञ्जरबन्धनम् ।
खन्याकरो वनादानं शून्यानां च निवेशनम् ॥
अष्टवर्गमिमं साधु स्वस्थवृत्तं विवर्धयेत् ।
जीवनार्थम् इहाजीव्यैः कारयेत् करणान्वितैः ॥

all the multifarious departments, activities of the State such as the endowment of religion and education, the relief of poverty and suffering, the creation and maintenance of works of public utility, like irrigation, reservoirs and roads, and the maintenance of a proper consular and diplomatic service, and measures of protection against famine, fires, floods, epidemics affecting men and cattle, and such economic instability as might spring from an increase in poverty and unemployment, vagrancy, vice and crime. It is not difficult to see how this wide duty gained on the imagination of our old thinkers and led them to magnify and praise it. "How can he be a king who does not protect his subjects" asks Somadēva.[1] We have such affirmations as that, 'what sacrifice is to a Brahman in procuring merit,[2] that the protection of the subjects is to a king,' and that 'the rains never fail, if kings protect their people in just ways.'[3] The allied belief that the State's revenue is only the reward, or the wage for protection, has already been referred to.[4] Thus the fee or service theory of taxation, lies at the root of the Indian theory of finance.

In view of the postulates of ancient Indian life, this function of protection was very wide. Protection was

[1] *Nītivākyāmṛta*, p. 17:

स किं राजा यो न रक्षति प्रजाः ?

[2] *Ibid.*, p. 105:

प्रजापालनं हि राज्ञो यज्ञः, न पुनर्भूतानामालम्भः ।

Cf. Mahābhārata, XII, 65, śl. 13:

पालनात् सर्वभूतानां स्वराष्ट्रपरिपालनात् ।
दीक्षा बहुविधा राजन् सत्याश्रमपदं भवेत् ॥

[3] *Ibid.*, p. 66:

न्यायतः परिपालके राज्ञि प्रजानां कामदुघा दिशः ।

[4] Lect. V, *infra.*, p. 114, ff.

afforded not merely by the promulgation and enforcement of law, and by the safeguarding of the people from internal and external dangers of a visible character, but it extended also to the maintenance of *Dharma* (personified duty) in the highest sense, since *Dharma* alone could save society from dangers natural as well as supernatural, seen and unseen, and ensure that the strong will not tyrannize over the weak. How closely such ideas of individual and collective responsibility to maintain *Dharma* were associated with economic objects will be evident from the previous lectures. What is needed in a review of the economic functions of our old governments, is the recognition of the constant interplay of these ideas, working for a wider extension being given to the recognised duty of protection. Under this head, we are therefore able to bring the precepts enforcing action for which the justification is found only in a mixture of religious and economic motives, as well as every form of governmental activity in which the features of paternalism, socialism, and individualism have been seen by modern students. In the last resort, the justification for the widest extension being given to this idea of protection lies in the hypotheses of the nature and the necessity of the State and of communal organisation, of the identification of the aims of the State and of communal organisation, and of defining the aims of State and society in such a way as to bring our old States into line with those of the best days of ancient Greece, and with the trend of modern policy.

Character of the theories of the State's functions.

The features of these old theories are thus their comprehensive, eclectic and practical character, the recognition of the futility of attempting to describe the complex economic purposes of a community by simple formulæ, and their avoidance of the fallacies, extrava-

gances and absurdities of a logical extension of the theories of pure individualism, collectivism, maximum utility and socialistic control. The result is an appearance of modernness in our old economic thought.

Summary and recapitulation.

It may now be of use to sum up the results of the survey of the chief aspects of old Indian economic thought. The interdependence of economic and politico-ethical conceptions is seen not only in view of our ancient thinkers on the scope and content of knowledge, but in their permanent consequences in moulding economic doctrine and practice. In spite of the intimate association of economic and non-economic factors, and occasional obscuring of their vision, owing to this association, their record of creative thought is notable. On the negative side, the logical extensions of their fundamental assumptions, and the rigour with which their theories are kept in close contact with facts, enable thinkers like Kauṭilya and Śukra, to avoid fallacies which have cropped up in Western economic theory. Reference may be made to their not stressing wealth as the sole object of economic study, their escape from the 'mercantilist' belief in the identity of wealth and money, their recognition of the complex nature of man and the dependence of man on his environment, their escape from the arid and profitless discussions of 'productive' and 'unproductive labour', their recognition of the fallacy in the doctrine that the destruction of things and luxury are both good for trade, their perception of the real value of capital to industry, and of the true causes of industrial remuneration, leading to their escape from fallacious theories of wages, their freedom from the Physiocratic fallacy of attributing a higher value to land as compared with commerce and industry, their avoiding undue emphasis of either cost of production or utility as the dominant factor of value, their non-

advocacy of extreme usury laws, and their avoidance of exaggeration in the cases for individual freedom and State-control.

That the contribution of Economic thought is not altogether of a negative character may be seen, if some of its chief implications are analysed, and its anticipations of accepted economic doctrine are recalled. Among them, mention may be made of the following. Society finds its origin and justification in mutual need and the natural development of the family and clan, 'social control' being but a legal or traditional expression of the fact of such origin; the State is an economic association, and it comprehends many group organisations, which render services analogous to its own; the State is also the greatest of all group organisations, and the one whose stability and efficiency is most necessary for human welfare; true wealth consists in commodities, which minister to human welfare in the widest sense; the factors of production are four, and among them organisation is not the least important; capital is no less necessary for industry than labour and land; the growth of wealth depends directly on both thrift and the capacity to save, and indirectly on the existence of the fullest security of life and property; interest is an inducement to saving; the income from land is ultimately based on its productivity; the minimum of subsistence required for labour exercises an influence on wages; industrial organisation and training benefit both the labourer and the capitalist; social stratification and group organisation help to extend division of labour, localisation of industry, and production on a large scale; the extension of the market is necessary; the intervention of the State in wages is necessary to protect the weaker parties to the bargain;

a similar interference of the State to protect the consumer is necessary; trade and exchange are extensions of production; money is a necessary convenience; the volume of currency required is determined by the needs of exchange; substitutes for money can limit the demand for it as currency; international trade springs from differential costs; the benefits of foreign trade are shared by both the parties; free trade is good trade; an unlimited multiplication of wants and an unreasonable rise in the standards of life are not beneficial; in the competition of wants the rational should prevail over the spectacular, and the community should assist in the triumph of the former by setting up ideals of consumption and enforcing sumptuary laws; food is an important factor of efficiency; the advancement of knowledge and the extension of education help to increase the productivity of the nation; a wise system of taxation should place its reliance on a suitable mixture of taxes; non-tax revenues should supplement taxes; taxation which restricts production, by trenching on capital or by forcing it to emigrate, commits suicide; poverty causes degradation and degeneracy; wealth is intended to be consumed; great wealth and great opportunities go with great duties; the goal of Economics is consumption rather than production; private property is a gift of society and therefore the State might control it; servile and underpaid labour are baneful; freedom of movement and initiative are both desirable within limits; the poor are not helped by being given doles; and the cause of wealth is value, and the cause of value is the interaction of supply and demand or cost of production and utility. Our old economists knew the importance of capitalistic production, and the impossibility of adding to capital unless an incentive was provided. And they felt that hired labour cannot be abolished,

that workmen are not capable of conducting industry, and competent directing authority is therefore essential, that training is a pre-requisite of efficient labour, that payment by results can alone secure a proper output, that State enterprises, however necessary, have a tendency to lead to inefficiency and corruption, that barter cannot entirely displace money, and that economic freedom within limits brings about a better adjustment of production and consumption than a complete scheme of State regulation.

The recapitulation of such principles will enable us to see how they saved ancient Indian society from many dangers to which the modern world has been exposed. They may also explain the continued vitality of Indian society, and the maintenance of its economic solidarity and strength, during centuries of foreign invasion and conquest, internal dissension and partial breakdown of social institutions. It might also help to counteract the modern tendency to import some of the socialistic doctrine of the West into India, under the belief that they are in accord with Indian social tradition, and they would contribute to the efficiency and stability of society. The analytical and critical study of our old economic theories will provide us with arguments, on either side of several current problems, such as municipal ownership and control of industry, State monopolies, State regulation of trade and prices, socialisation of production and food laws.

The place of Indian Economists: Their services and influence.

Such anticipations of modern doctrine might give our old economists a claim to a prominent place in the history of the world's economic thought. They should however be judged not so much by their specific discoveries, or by the manner in which they anticipated later developments in economic theory, or even by their eminently sane and practical outlook, as by the vividness

with which they visualised the unity of social action, the interdependence of social purposes and the existence of economic problems of which a final solution is impossible. The contribution of the old Indian economists to the evolution of the *science* Economics is perhaps not considerable. This is a consequence of their isolation from intellectual currents outside India, as well as of the want of suitable successors in India itself, so as to establish a continuity of tradition down to modern times. Within India their influence has been great and beneficial. They provided Indian rulers with political ideals as well as economic policies, and by such help stabilised Indian monarchy during the confusion of the Middle Ages.

How retarded.

The influence of the old Indian economists might have been greater but for various retarding influences. They had opportunities for giving effect to their doctrines in independent States, which accepted their teachings, but their successors had not. In later days, schools of thought multiplied, but their differences were scholastic, not real. The Muhammadan conquest set up different ideals and standards, and contributed to social and political instability. The hold of ancient thought on the administrations of the Middle Ages weakened. Buddhist teachings—not often in harmony with the teachings of the Buddha—led to the popularisation of unpolitical and uneconomic ideals. In the ages of systematisation of dogma, ethical motives were advocated in preference to economical and philosophical ideals extolling the killing of wants and the practice of asceticism had great popularity. There was a marked decline in the economic strength of the country.

Economic retrogression in mediæval India: Its causes.

Another cause of the economic retrogression of mediæval India is to be found in the absence of a system of *public* education suited to the needs of the people.

The State in Hindu India did not directly undertake the task of national education. In the earlier ages, in which the great economists flourished, this was hardly serious. Indian society was then based on *Varṇāśrama Dharma*, and the education of the ruling castes at least was provided for by the prevalent social organisation. But, even in those epochs, the higher types of education were not available to farmers, artisans and merchants. We hear of no institutions for teaching agriculture, mining, engineering, chemistry and commerce, though we have evidence of substantial achievements in these fields. The only education available to the cultivator was in the farm, to the artisan in apprenticeship and to the trader in the shop. These conditions must have tended to limit occupational variety. During epochs in which the caste system did not fulfil its original purposes, the social stratification implied by it led to communal rivalry and to the attraction of manual workers to other pursuits. In the breakdown of the old social system, the wise rules of the older economists for retarding the growth of a parasitic population were forgotten or neglected, with the result of increasing the number of those who were consumers and not producers. The failure to give economic freedom to women led, in the epochs in which the domination of alien races rendered the segregation of women a necessary measure of protection, to a big reduction in the productive power of the community.

When political vicissitudes lead to administrative decay, the economic functions which a State most easily overlooks are those relating to the development of the material and moral resources of the people. In such times, statesmen are insensible to the exhortations of the *Dharmaśāstras* or *Arthaśāstras* in favour of the public maintenance of works of utility, like irrigation,

reservoirs, roads, etc. On the other hand, such rules of the *Arthaśāstras* as appear to point to *laisser faire* are readily followed. A period of administrative drift, follows, in which the arts and manufactures decay, and large-scale production and the growth of capital suffer. Other economic causes were not wanting to bring about the same steady deadly decline. The great advance made in ancient India by textile and manufacturing industries was the consequence of discoveries in Chemistry and Technology, like the chemistry of dyeing and metallurgy, the inventions of looms, etc. In the periods of decline, no revolutionary changes in the arts of production are noticeable. Opportunities for large-scale production could not have existed, to any great extent, in the guilds of the time, as the guilds themselves should have come near to extinction, owing to want of encouragement and support, and the political vicissitudes of the times. Foreign agencies, when they rule, are often jealous and suspicious of communal organisations. The original scarcity of private capital, to which both the ideals and the economic precepts of the earlier ages had contributed, was intensified. The great natural resources of the country remained undeveloped. At the same time, in spite of the checks offered by destructive wars and other calamities, the growth of the population must have been continuous, or at least must have led to bad consequences, owing to uneven distribution, congestion in certain localities and desertion of vast areas. A rural exodus, leading ryots to the towns, should have been difficult to check in epochs in which what little security existed should have been within the walled town.[1] The com-

[1] Note the enormous size and population of mediæval Indian cities, even within a few years of their foundation, *e.g.*, Bijapur and Vijayanagar, as evidenced by contemporary travellers.

paratively equitable distribution of wealth, though it might have provoked no agitation against the rich, should still have worked unfavourably on production, through the absence of the stimulus to industry, which is furnished by the existence of a leisure class. The socialistic trend of the older economic theories of consumption, apparently took the form of permitting dissipation of public and private hoards in unproductive directions, as in building vast temples and palaces, and the celebration of splendid festivals. Lastly, the isolation of not only India from the rest of the world, but of every portion of India from the others, in the absence of indigenous empires able to enforce an allegiance to common political and social ideals, should have led to unequal development, and have at the same time dried up the springs of the trans-Indian commerce from which had flowed a perennial stream of rare products and precious metals into the Indian markets, in return for the natural productions and the coveted manufactures of India. The result of these causes of decline, working continuously, is clear in the national bankruptcy and the increasing inability to cope with seasonal vicissitudes and social calamities. Under happier conditions, the earlier ages had been saved from such evils by the existence of the great empires, of a society knit together by the belief in the efficacy of common social and ethical ideals, and not the least by the succession of statesmen-economists, who taught how the strength of a community can be maintained without straining the resources or affecting the conditions, which would lead its members to the realisation of the highest ends of social welfare.

Conclusion. I have come to the end of the course. As I ventured to state at the outset, my intention has only been to recall to your attention a *few* aspects of the theory and

practice of ancient Indian Economics. If, by doing so, I have been able to point to the remarkable achievements of some Indian thinkers and statesmen, such as might generate a glow of patriotic feeling, I should be glad. But, my real aim, which is humbler, will be achieved if my lectures have showed the scope for patient and profitable study and thought, which is offered by the teachings of our Economists of olden days.

ADDITIONAL NOTES.

[*The references below the headings of the Notes are to the pages of the text, supra.*]

ECONOMICS AS 'THE DISMAL SCIENCE'.

(*Page* 10.)

See the following passages from Carlyle's works:

(*a*) *Miscellanies,* Popular edn., Vol. VII, p. 84 (*The Nigger Question,* 1849):

"And the social science,—not a 'gay science,' but a rueful . . . which finds the secret of this Universe in 'supply and demand', and reduces the duty of human governors to that of letting men alone, is also wonderful. Not a 'gay science' I should say, like some we have heard of; no, a dreary, desolate, and indeed quite abject and distressing one; what we might call, by way of eminence, the dismal science."

(*b*) *Latter-day Pamphlets,* 1850, I, Popular edition, Vol. III, page 37:

"Enlist there, ye poor wandering banditti; obey, work, suffer, abstain, as all of us have had to do: so shall you be useful in God's creation, so shall you be helped to gain a manful living for yourselves; not otherwise than so. Industrial regiments"—(Here numerous persons with big wigs, many of them and austere aspect, whom I take to be Professors of the Dismal Science, start up in an agitated vehement manner: but the Premier resolutely beckons them down again).

(*c*) *Ibid.*, page 128:

"Is there no value, then, in human things, but what can write itself down in the cash-ledger? All men know and even M'Croudy in his articulate heart knows, that to men and Nations there are invaluable values which cannot be sold for money at all. George Robins is great; but he is not omnipotent. George Robins cannot quite sell Heaven and Earth by auction excellent though he be at the business. Nay, if

M'Croudy offered his own life for *sale* in Threadneedle Street, would anybody buy it? Not I, for one. "Nobody bids: pass on to the next lot," answers Robins. And yet to M'Croudy this unsaleable lot is worth all the Universe:—nay, I believe to us also it is worth something: good monitions, as to several things, do lie in this Professor of the dismal science; and considerable sums even of money, not to speak of other benefits will yet come out of this life and him, for which nobody bids! Robins has his own field where he reigns triumphant; but to that we will restrict him with iron limits; and neither Colonies nor the lives of Professors, nor other such invaluable objects shall come under his hammer."

RUSKIN'S CRITICISMS OF CLASSICAL ECONOMICS.

(*Page* 10.)

Ruskin's treatment of economic topics is discursive, and some discussion of them can be found in most of his works. He naturally followed his master Carlyle in condemning the economic theories and methods of his time. His protests against the enlightened selfishness supposed to be the basis of Classical Economics was accompanied by detailed criticisms of economic doctrine. His denunciations of the hypothesis of the 'economic man', of Society bound by 'the nexus of cash payments', of laisses-faire and unrestricted competition, and his pleas for organizing Society under "Captains of industry" are to be found in his *Unto this Last* and *Fors Clavigera.* He maintained that "there is not wealth but life" (*Unto this Last,* g. 77), and that "intrinsic value is the absolute power of anything to support life" (*Munera Pulveris,* g. 13). He emphasised the importance of Consumption, the need for compulsory education, State regulation to ensure 'pure and true substance,' State regulation of wages and State relief of poverty and unemployment. He advocated old age pensions and denounced land nationalisation. He maintained that exchange is unprofitable (*Unto this Last,* g. 67) and denounced all interest as 'usury'.

THE BANE OF POVERTY.

(*Page* 10.)

The following passages from Dr. Alfred Marshall's *Principles of Economics,* Vol. I, are instructive of the changed outlook which he initiated. The citations are from the *first* edition of the work, published in 1890.

(*a*) *Principles,* pp. 2-4.

And very often the influence exerted on a person's character by the amount of his income is hardly less, if it is less, than that exerted by the way in which it is earned. It makes indeed little real difference to the life of a family whether its yearly income is £1,000 or £5,000. But it makes a very great difference whether the income is £30 or £150: with £150 the family has, with £30 it has not, the material conditions of a complete life. It is true in religion, in the family affections and in friendship, even the poor may find scope for many of those faculties which are the source of the highest happiness. But the conditions which surround extreme poverty, especially in densely crowded places, tend to deaden the higher faculties. Those who have been called the "residuum" of our large towns have little opportunity for friendship; they know nothing of the decencies and the quiet, and very little even of the unity of family life; and religion seldom reaches them. No doubt their physical, mental, and moral ill-health is partly due to other causes than poverty, but this is the chief cause.

And in addition to the residuum there are vast numbers of people both in town and country who are brought up with insufficient food, clothing, and house-room, whose education is broken off early in order that they may go to work for wages, who thenceforth are engaged during long hours in exhausting toil with imperfectly nourished bodies, and have therefore no chance of developing their higher mental faculties. Their life is not necessarily unhealthy, or unhappy. Rejoicing in their affections towards God and man, and perhaps even possessing some natural refinement of feeling, they may lead lives

that are far less incomplete than those of many who have more material wealth. But for all that, their poverty is a great and almost unmixed evil to them. Even when they are well their weariness often amounts to pain, while their pleasures are few; and when sickness comes, the suffering caused by poverty increases tenfold. And though a contented spirit may go far towards reconciling them to these evils, there are others to which it ought not to reconcile them. Overworked and under-taught, weary and worn, without quiet and without leisure, they have no chance of making the best of their mental faculties.

Although then some of the evils which commonly go with poverty are not its necessary consequences, yet, broadly speaking, "the destruction of the poor is their poverty"; and the study of the causes of poverty is the study of the causes of the degradation of a large part of mankind.

Slavery was regarded by Aristotle as an ordinance of nature, and so probably was it by the slaves themselves in olden time. The dignity of man was proclaimed by the Christian religion: it has been asserted with increasing vehemence during the last hundred years: but it is only through the spread of education during quite recent times that we are beginning at last to feel the full import of the phrase. Now at last we are setting ourselves seriously to inquire whether it is necessary that there should be any so called "lower classes" at all: that is whether there need be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life; while they themselves are prevented by their poverty and toil from having any share or part in that life.

The hope that poverty and ignorance may gradually be extinguished derives indeed much support from the steady progress of the working classes during the present century. The steam engine has relieved them of much exhausting and degrading toil; wages have risen; education has been improved and become more general; the railway and the printing press have enabled members of the same trade in different parts of the country to communicate easily with one another, and

to undertake and carry out broad and far-seeing lines of policy; while the growing demand for intelligent work has caused the artisan classes to increase so rapidly that they now outnumber those whose labour is entirely unskilled. A great part of the artisans have ceased to belong to the "lower classes" in the sense in which the term was originally used; and some of them already lead a more refined and noble life than did the majority of the upper classes even a century ago.

This progress has done more than anything else to give practical interest to the question whether it is really impossible that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty and the stagnating influences of excessive mechanical toil; and this question is being pressed to the front by the growing earnestness of the age.

The question cannot be fully answered by economic science; for the answer depends partly on the moral and political capabilities of human nature; and on these matters the economist has no special means of information; he must do as others do, and guess as best as he can. But the answer depends in a great measure upon facts and interferences, which are within the province of economics; and this it is which gives to economic studies their chief and their highest interest.

(*b*) *Principles*, pp. 586-7.

Lastly, the disagreeableness of work seems to have very little effect in raising wages, if it is of such a kind that it can be done by those whose industrial abilities are of a very low order. For the progress of sanitary science has kept alive many people who are unfit for any but the lowest grade of work. They compete eagerly for the comparatively small quantity of work for which they are fitted, and in their urgent need they think almost exclusively of the wages they can earn: they cannot afford to pay much attention to incidental discomforts, and indeed many of them are by education prepared to regard the dirtiness of an occupation as an evil of but minor importance.

And from this arises the strange and paradoxical result that the dirtiness of some occupations is a cause of the lowness of the wages earned in them. For employers find that this dirtiness adds much to the wages they would have to pay to get the work done by skilled men of high character working with improved appliances; and so they often adhere to old methods which require only unskilled workers of but indifferent character, and who can be hired for low (time) wages, because they are not worth much to any employer. There is no more urgent social need than that labour of this kind should be made scarce and dear.

(*c*) *Principles*, pp. 590-1.

But in the lower ranks of society the evil is great. For the slender means and education of the parents, and the comparative weakness of their power of distinctly realizing the future, prevent them from investing capital in the education and training of their children with the same free and bold enterprise with which capital is applied to improving the machinery of any well-managed factory. Many of the children of the working-classes are imperfectly fed and clothed; they are housed in a way that promotes neither physical nor moral health; they receive a school education which, though in modern England it may not be very bad so far as it goes, yet goes only a little way; they have few opportunities of getting a broader view of life or an insight into the nature of the higher work of business, of science or of art; they meet hard and exhaustive toil early on the way, and for the greater part keep to it all their lives. At last they go to the grave carrying with them undeveloped abilities and faculties; which, if they could have borne full fruit, would have added to the material wealth of the country—to say nothing of higher considerations—many times as much as would have covered the expense of providing adequate opportunities for their development.

But the point on which we have specially to insist now is that this evil is cumulative. The worse fed are the children of one generation, the less will they earn when they grow up

and the less will be their power of providing adequately for the material wants of their children; and so on; and again, the less fully their own faculties are developed the less will they realize the importance of developing the best faculties of their children, and the less will be their power of doing so. And conversely any change that awards to the workers of one generation better earnings, together with better opportunities of developing their best qualities, will increase the material and moral advantages which they have the power to offer to their children: while by increasing their own intelligence, wisdom and forethought, it will also to some extent increase their willingness to sacrifice their own pleasures for the well-being of their children; though there is much of that willingness now even among the poorest classes, so far as their means and the limits of their knowledge will allow.

THE VIDYĀS AND KALĀS.

(*Page* 12, *and Page* 38.)

Śukranītisāra, IV, 3, 45-59, ed. Oppert., p. 122.

विद्या ह्यनन्ताश्च कलाः सङ्ख्यातुं नैव शक्यते ।
विद्या मुख्याश्च द्वात्रिंशच्चतुःषष्टिः कलाः स्मृताः ॥
यद्यत् स्याद्वाचिकं सम्यक् कर्म विद्याभिसंज्ञकम् ।
शक्तो मूकोऽपि यत्कर्तुं कलासंज्ञं तु तत् स्मृतम् ॥
उक्तं सङ्क्षेपतो लक्ष्म विशिष्टं पृथगुच्यते ।
विद्यानां च कलानां च नामानि तु पृथक् पृथक् ॥
ऋग्यजुःसाम चाथर्वा वेदा आयुर्धनुः क्रमात् ।
गान्धर्वश्चैव तन्त्राणि उपवेदाः प्रकीर्तिताः ॥
शिक्षा व्याकरणं कल्पो निरुक्तं ज्योतिषं तथा ।
च्छन्दः षडङ्गानीमानि वेदानां कीर्तितानि हि ॥
मीमांसातर्कसांख्यानि वेदान्तो योग एव च ।
इतिहासाः पुराणानि स्मृतयो नास्तिकं मतम् ॥
अर्थशास्त्रं कामशास्त्रं तथा शिल्पमलङ्कृतिः ।
काव्यानि देशभाषावसरोक्तिर्यावनं मतम् ॥
देशादिधर्मा द्वात्रिंशदेता विद्याभिसंज्ञिताः ।

Sukranītisāra, IV, 3, 130-200:

कलानां न पृथङ्नाम लक्ष्म चास्तीह केवलम् ।
पृथक् पृथक् क्रियाभिर्हि कलाभेदस्तु जायते ॥
यां यां कलां समाश्रित्य तन्नाम्ना जातिरुच्यते ।
हावभावादिसंयुक्तं वर्तनं तु कला स्मृता ॥
अनेकवाद्यविकृतौ ज्ञानं तद्वादने कला ।
वस्त्रालङ्कारसन्धानं स्त्रीपुंसोश्च कला स्मृता ॥
अनेकरूपाविर्भावकृतिज्ञानं कला स्मृता ।
शय्यास्तरणसंयोगपुष्पादिग्रथनं कला ॥
द्यूताद्यनेकक्रीडाभीरञ्जनं तु कला स्मृता ।
अनेकासनसन्धानै रतेर्ज्ञानं कला स्मृता ॥
कलासप्तकमेतद्धि गान्धर्वे समुदाहृतम् ।
मकरन्दासवादीनां मद्यादीनां कृतिः कला ॥
शल्यगूढाहृतौ ज्ञानं शिराव्रणव्यधे कला ।
हीनादिरससंयोगान्नादिसम्पाचनं कला ॥
वृक्षादिप्रसवारोपपालनादिकृतिः कला ।
पाषाणधात्वादिदृतिस्तद्भस्मकरणं कला ॥
यावदिक्षुविकाराणां कृतिज्ञानं कला स्मृता ।
धात्वौषधीनां संयोगक्रियाज्ञानं कला स्मृता ॥
धातुसाङ्कर्यपार्थक्यकरणं तु कला स्मृता ।
संयोगापूर्वविज्ञानं धात्वादीनां कला स्मृता ॥
क्षारनिष्कासनज्ञानं कलासंज्ञं तु तत् स्मृतम् ।
कलादशकमेतद्धि ह्यायुर्वेदागमेषु च ॥
शस्त्रसन्धानविक्षेपः पदादिन्यासतः कला ।
सन्ध्याघाताकृष्टिभेदैर्मल्लयुद्धं कला स्मृता ॥
बाहुयुद्धं तु मल्लानामशस्त्रं मुष्टिभिः स्मृतम् ।
मृतस्य तस्य न स्वर्गो यशो नेहापि विद्यते ॥
बलदर्पविनाशान्तं नियुद्धं यशसे रिपोः ।
न कस्यासीत कुर्याद्वा प्राणान्तं बाहुयुद्धकम् ॥
कृतप्रतिकृतैश्चित्रैर्बाहुभिश्च सुसङ्कटैः ।
सन्निपातावघातैश्च प्रमादोन्मथनैस्तथा ॥

कृतं निपीडनं ज्ञेयं तन्मुक्तिस्तु प्रतिक्रिया ।
कलाभिलक्षिते देशे यन्त्राद्यस्त्रनिपातनम् ॥
वाद्यसङ्केततो व्यूहरचनादि कला स्मृता ।
गजाश्वरथगत्या तु युद्धसंयोजनं कला ॥
कलापञ्चकमेतद्धि धनुर्वेदागमे स्थितम् ।
विविधासनमुद्राभिर्देवतातोषणं कला ॥
सारथ्यं च गजाश्वादेर्गतिशिक्षा कला स्मृता ।
मृत्तिकाकाष्ठपाषाणधातुभाण्डादिसत्क्रिया ॥
पृथक् कलाचतुष्कं तु चित्राद्यालेखनं कला ।
तडागवापीप्रासादसमभूमिक्रिया कला ॥
घट्ट्याद्यनेकयन्त्राणां वाद्यानां तु कृतिः कला ।
हीनमध्यादिसंयोगवर्णाद्यै रञ्जनं कला ॥
जलवाय्वग्निसंयोगनिरोधैश्च क्रिया कला ।
नौकारथादियानानां कृतिज्ञानं कला स्मृता ॥
सूत्रादिरज्जुकरणविज्ञानं तु कला स्मृता ।
अनेकतन्तुसंयोगैः पटबन्धः कला स्मृता ॥
वेधादिसदसज्ज्ञानं रत्नानां च कला स्मृता ।
स्वर्णादीनां तु याथात्म्यविज्ञानं च कला स्मृता ॥
कृत्रिमस्वर्णरत्नादिक्रियाज्ञानं कला स्मृता ।
स्वर्णाद्यलङ्कारकृतिः कला लेपादिसत्कृतिः ॥
मार्दवादिक्रियाज्ञानं चर्मणां तु कला स्मृता ।
पशुचर्माङ्गनिर्हारक्रियाज्ञानं कला स्मृता ॥
दुग्धदोहादिविज्ञानं घृतान्तं तु कला स्मृता ।
सीवने कञ्चुकादीनां विज्ञानं तु कलात्मकम् ॥
बाह्वादिभिश्च तरणं कलासंज्ञं जले स्मृतम् ।
मार्जने गृहभाण्डादेर्विज्ञानं तु कला स्मृता ॥
वस्त्रसंमार्जनं चैव क्षुरकर्म कले शुभे ।
तिलमांसादिस्नेहानां कला निष्कासने कृतिः ॥
सीराद्याकर्षणे ज्ञानं वृक्षाद्यारोहणे कला ।
मनोऽनुकूलसेवायाः कृतिज्ञानं कला स्मृता ॥
वेणुतृणादिपात्राणां कृतिज्ञानं कला स्मृता ।
काचपात्रादिकरणविज्ञानं तु कला स्मृता ॥

संसेचनं संहरणं जलानां तु कला स्मृता ।
लोहाभिसारशस्त्रास्त्रकृतिज्ञानं कला स्मृता ॥
गजाश्ववृषभोष्ट्राणां पल्याणादिक्रिया कला ।
शिशोः संरक्षणे ज्ञानं धारणे क्रीडने कला ॥
सुयुक्तताडनज्ञानमपराधिजने कला ।
नानादेशीयवर्णानां सुसम्यग्लेखने कला ॥
ताम्बूलरक्षादिकृतिविज्ञानं तु कला स्मृता ।
आदानमाशुकारित्वं प्रतिदानं चिरक्रिया ॥
कलासु द्वौ गुणौ ज्ञेयौ द्वे कले परिकीर्तिते ।
चतुःषष्टिकला ह्येताः संक्षेपेण निदर्शिताः ॥
यां यां कलां समाश्रित्य तां तां कुर्यात् स एव हि ।

Rājaśekhara—*Kāvyamīmāṁsā,* ed. *C.D. Dalal,* 1924, pp. 2-3:

इह हि वाङ्मयमुभयथा—शास्त्रं काव्यं च ।
तत्र शास्त्रं द्विधा—अपौरुषेयं पौरुषेयं च ॥
अपौरुषेयं च शास्त्रम्,
ऋचो यजूंषि सामानि चाथर्वणमिति चत्वारो वेदाः ।
इतिहासवेदधनुर्वेदौ गान्धर्वायुर्वेदावपि चोपवेदाः ।
"वेदोपवेदात्मा सार्ववर्णिकः पञ्चमो गेयवेदः" इति द्रौहिणिः ।

शिक्षा, कल्पो, व्याकरणम्, निरुक्तम्, छन्दोविचितिः, ज्योतिषं च षडङ्गानि इत्याचार्याः ।

उपकारकत्वादलङ्कारः सप्तममङ्गम् इति यायावरीयः ।

पौरुषेयं तु—पुराणम्, आन्वीक्षिकी, मीमांसा, स्मृतितन्त्रमिति चत्वारि शास्त्राणि ।

तत्र वेदाख्यानोपनिबन्धनप्रायं पुराणमष्टादशधा ।
पुराणप्रविभेद एवेतिहास इत्येके । स च परिक्रियापुराकल्पाभ्यां द्विधा भवति ।
परिक्रिया = एकनायका ; यथ—रामायणम् ।
पुराकल्पः = बहुनायकः ; यथा—महाभारतम् ॥
अष्टादशैव श्रुत्यर्थस्मरणात् स्मृतयः ।

तानीमानि चतुर्दश विद्यास्थानानि, यदुत वेदाश्चत्वारः, षडङ्गानि, चत्वारि शास्त्राणि इत्याचार्याः ॥

वार्ता कामसूत्रं शिल्पशास्त्रम्, दण्डनीतिरिति पूर्वैः सह अष्टादश विद्यास्थानानि इत्यपरे ।

"दण्डनीतिरेवैका विद्या" इत्यौशनसाः ।

"वार्ता दण्डनीतिर्द्वे विद्ये" इति बार्हस्पत्यः ।

"त्रयी वार्ता दण्डनीतयस्तिस्रो विद्याः" इति मानवाः ।

"आन्वीक्षिकी त्रयी वार्ता दण्डनीतयश्चतस्रो विद्याः" इति कौटिल्यः ।

उपविद्यास्तु चतुःषष्टिः । ताश्च कला इति विदग्धवादः ।

ARTHAŚĀSTRA AND THE VEDA.

(*Page* 13.)

Āpastamba, II, 11, 29, 11-12:

सा निष्ठा या विद्या स्त्रीषु शूद्रेषु च ।

आथर्वणवेदस्य शेषः इत्युपदिशन्ति ॥

The last sciences to be learned by a Brahman are those which exist mainly for Śūdras and women, and which are appendices to the Atharva Veda. Assigning *Arthaśāstra* to the *Itihāsa* group had the same effect, since *Itihāsas* were also accessible to Śūdras and women.

Ujjvala (p. 3) prescribes a fresh *upanayana* (initiation ceremony) to a Brahman, who studies the Atharva Veda.

Lakṣmidhara, author of the great digest *Kṛtya-Kalpataru,* classes Arthaśāstra as a *sixth* Veda, *Itihāsa* being the *fifth.*

VĀTSYĀYANA'S CONCEPTION OF THE TRIVARGAS.

(*Page* 18.)

Kāmasūtra, Bk. I, Ch. II:

शतायुः वै पुरुषो विभज्य कालम् अन्योन्यानुबद्धं परस्परस्यानुपघातकं त्रिवर्गं सेवेत । बाल्ये विद्याग्रहणादीनर्थान् । कामं च यौवने । स्थाविरे धर्मं मोक्षं च । अनित्यत्वादायषो यथोपपादं वा सेवेत । ब्रह्मचर्यमेव त्वाविद्याग्रहणात् । अलौकिकत्वात् अदृष्टार्थत्वात् अप्रवृत्तानां यज्ञादीनां शास्त्रात् प्रवर्तनम्, लौकिकत्वात् दृष्टार्थत्वाच्च प्रवृत्तेभ्यश्च मांसभक्षणादिभ्यश्च शास्त्रादेव निवारणं धर्मः । तं श्रुतेः धर्मज्ञसमवायाच्च प्रतिपद्येत । विद्याभूमिहिरण्यपशुधान्यभाण्डो-

पस्करमित्रादीनाम् अर्जनम् आर्जितस्य विवर्धनमर्थः । तमध्यक्षप्रचारात् वार्तासमयविद्भ्यो वणिग्भ्यश्चेति श्रोत्र-त्वक्-चक्षुः-जिह्वा-घ्राणानाम् आत्मसंयुक्तेन मनसाधिष्ठितानां स्वेषु स्वेषु विषयेषु आनुकूल्यतः प्रवृत्तिः कामः । स्पर्शविशेषविषयात्तु अस्य अभिमानिकसुखानुविद्धा फलवत्यर्थप्रतीतिः प्राधान्यात् कामः । तं कामसूत्रात् नागरिकजनसमवायाच्च प्रतिपद्येत । एषां समवाये पूर्वः पूर्वो गरीयान् । अर्थश्च राज्ञः । तन्मूलत्वाल्लोकयात्रायाः । वेश्यायाश्चेति त्रिवर्गप्रतिपत्तिः ।.....................न धर्मांश्चरेत् । एष्यत्फलत्वात्, सांशयिकत्वाच्च । को ह्यबालिशो हस्तगतं परगतं कुर्यात् । वरम् अद्य कपोतः श्वो मयूरात् । वरं सांशयिकात् निष्कात् असांशयिकः कार्षापणः । इति लौकायतिकाः ।

शास्त्रस्य अनभिशङ्क्यत्वात् अभिचारानुव्याहारयोश्च क्वचित् फलदर्शनात् नक्षत्रचन्द्रसूर्यताराग्रहचक्रस्य लोकार्थं बुद्धिपूर्वकमिव प्रवृत्तेर्दर्शनात् वर्णाश्रमाचारस्थितिलक्षणत्वाच्च लोकयात्रायाः हस्तगतस्य बीजस्य भविष्यतः सस्यार्थे त्यागदर्शनात् चरेद्धर्मानिति वात्स्यायनः ।.........

शरीरस्थितिहेतुत्वात् आहारसधर्माणो हि कामाः ।
फलभूताश्च धर्मार्थयोः ।
एवम् अर्थं च कामं च धर्मं चोपाचरन्नरः ।
इहामुत्र च निश्शल्यम् अत्यन्तं सुखमश्नुते ॥
किं स्यात् परत्रेत्याशङ्का कार्ये यस्मिन्न जायते ।
न चार्थघ्नं सुखं चेति शिष्टास्तत्र व्यवस्थिताः ॥
त्रिवर्गसाधकं यत् स्यात् द्वयोरेकस्य वा पुनः ।
कार्यं तदपि कुर्वीत न त्वेकार्थं द्विबाधकम् ॥

STUDIES OF THE PRINCE.

(*Page* 26.)

Agnipurāṇa, ch. 225, lays down that a prince should receive military training, and be made conversant with the moral sciences and the fine arts.

Somadeva—(*Nītivākyāmṛta,* XI, 4) prescribes an extensive curriculum of studies for the Prince, which includes Civics, Calligraphy, Mathematics, Grammar, Rhetoric, Logic, Politics and Economics, Religion and Religious Law, the science of Gems, Kāmaśāstra (erotics), Military science, Horsemanship and the Management of elephants.

शिक्षालापक्रियाक्षमो राजपुत्रः सर्वासु लिपिषु प्रसंख्याने पदप्रमाणप्रयोगकर्मणि नीत्यागमेषु रत्नपरीक्षायां संभोगप्रहरणोपवाह्यविद्यासु च साधु विनेतव्यः ।

THE HOUSEHOLDER NOT TO BECOME AN ASCETIC.

(*Page* 29.)

Śukra lays down that if an able-bodied householder neglects to support his family, and, deserting his parents and wife, becomes an ascetic mendicant, the king should manacle him, set him on the work of repairing roads, and out of the wage earned by him by such labour give one-half to the deserted family.

विना कुटुम्बभरणात् तपोविद्यार्थिनं सदा ।
तृणकाष्ठादिहरणे शक्तः सन् भैक्ष्यभोजकः ।
मातरं पितरं भार्यां यः संत्यज्य विवर्तते ।
निगडैर्बन्धयित्वा तं योजयेन्मार्गसंस्कृतौ ।
तद्भृत्यर्धं तु सन्दद्यात् तेभ्यो राजा प्रयत्नतः ।

Śukra, IV, i, 209-210; 229-241.

Of the four *āśramas,* that of the householder (*gṛhastha*) is praised as the best. But, as the other *āśramas* are also prescribed for the Brahman, the Digests contain discussions of their relative importance, ending with the commendation of the householder's life, *e.g., Smṛticandrikā, Saṁskāra-kāṇḍa,* (Mysore edition, 1914, pp. 171-176), *Saṁskāra-mayūkha,* (edition Bombay, 1913), pp. 64-65.

The Vedic injunction that, as long as life lasts, the Brahman should perform the Agnihotra rite, (which carries with it the implication of marriage, as one without a wife cannot perform Agnihotra) is explained away as meaning that it does not apply in the case of one, who, after completing his education (Brahmacarya), becomes a *Naiṣṭhika.*

The third *āśrama* (*Vānaprastha*) is interdicted for the age of Kali (*Kalivarjya*), e.g., *Smṛtyārthasāra* quoted in Anantadeva's *Smṛtikaustubha,* (1909), p. 470.

देवरेण सुतोत्पत्तिर्वानप्रस्थाश्रमग्रहः ।
दत्ताक्षतायाः कन्यायाः पुनर्दानं परस्य च ॥
समुद्रयात्रास्वीकारः कमण्डलुविधारणम् ।

For commendation of the householder's life, see *Gautama*—

ऐकाश्रम्यं त्वाचार्याः प्रत्यक्षविधानाद्गार्हस्थ्यस्य ।

Vasiṣṭha—

गृहस्थ एव यजते गृहस्थस्तप्यते तपः ।
चतुर्णामाश्रमाणां च गृहस्थश्च विशिष्यते ॥

Manusmṛti—

सर्वेषामपि चैतेषां वेदस्मृतिविधानतः ।
गृहस्थ उच्यते श्रेष्ठः स त्रीनेतान् बिभर्ति हि ॥
यथा नदीनदाः सर्वे सागरे यान्ति संस्थितिम् ।
तथैवाश्रमिणः सर्वे गृहस्थे यान्ति संस्थितिम् ॥

The last āśrama is interdicted to Kṣattriyas, and the last two to the Vaiśya, and all except that of the householder to the Śūdra caste. Thus, Yoga-Yājñavalkya, an ancient writer whose work was known in the 9th century A.D. to Vācaspati, is thus cited in Parāśara Mādhavīya. (Bombay edition, Vol. I, Part II, p. 153.)

चत्वारो ब्राह्मणस्योक्ता आश्रमाः श्रुतिचोदिताः ।
क्षत्त्रियस्य त्रयः प्रोक्ता द्वावेको वैश्यशूद्रयोः ॥

See *Manusmṛti*, III, 77 and 78 and VI, 87, 89 and 90:

यथा वायुं समाश्रित्य वर्तन्ते सर्वजन्तवः ।
तथा गृहस्थमाश्रित्य वर्तन्ते सर्व आश्रमाः ॥
यस्मात् त्रयोऽप्याश्रमिणो ज्ञानेनान्नेन चान्वहम् ।
गृहस्थेनैव धार्यन्ते तस्माज्ज्येष्ठाश्रमो गृही ॥
ब्रह्मचारी गृहस्थश्च वानप्रस्थो यतिस्तथा ।
एते गृहस्थप्रभवाश्चत्वारः पृथगाश्रमाः ॥

सर्वेषामपि चैतेषां वेदस्मृतिविधानतः ।
गृहस्थ उच्यते श्रेष्ठः स त्रीनेतान् बिभर्ति हि ॥

Vijñāneśvara cites the authority of Devala (*cf.* Commentary on Yājñavalkya, I, 128) for the opinion that a poor Gṛhastha is preferable to the opulent, the implication being that a restrained life is open to a householder as much as to an anchorite:

यथा हि देवलः—द्विविधो हि गृहस्थः यायावरः शालीनश्च । तयोर्यायावरः प्रवरः । याजनाध्यापनप्रतिग्रहरिक्थसंचयवर्जनात् । षट्कर्माधिष्ठितः प्रेष्यचतुष्पदगृहग्रामधनधान्ययुक्तो लोकानुवर्ती शालीनः—इति ।

No Hindu could be outside one or other of the *āśramas.* A widower will cease to be a householder, unless he remarries, and he cannot become a Brahmacarin. *Dakṣa* (*Smṛticandrikā,* Vol. I, p. 176), therefore, lays down the rule:

अनाश्रमी न तिष्ठेत दिनमेकमपि द्विजः ।
आश्रमेण विना तिष्ठन् प्रायश्चित्ती यतो हि सः ॥
जपे होमे तथा दाने स्वाध्याये वा रतः सदा ।
नासौ फलमवाप्नोति कुर्वाणोऽप्याश्रमाच्च्युतः ॥

Ibid., p. 173:

त्रयाणामानुलोम्यं स्यात् प्रातिलोम्यं न विद्यते ।
प्रातिलोम्येन यो याति न तस्मात् पापकृत्तमः ॥
यो गृहाश्रममास्थाय ब्रह्मचारी भवेत् पुनः ।
न यतिर्न वनस्थश्च स सर्वाश्रमवर्जितः ॥

The emphasis laid on the meritoriousness of a householder's life reflects the political attitude of the time and the reaction against ascetic religions like Buddhism.

TENTATIVE CHARACTER OF ECONOMIC CONCLUSIONS.

(*Page* 34.)

(Dr. Alfred Marshall's *Principles of Economics,* First edition, 1890, pp. 89-90.)

Again, the laws of economics as of other sciences are statements as to the effects which will be produced by certain

causes, not absolutely, but subject to the condition that *other things are equal,* and that the causes are able to work out their effects undisturbed. On this account it has been called a hypothetical science, and this term has sometimes been used disparagingly. But every physical science is hypothetical in this sense. Even in a prediction of an eclipse, there is a suppressed condition that the solar system will not meanwhile have been disturbed by the explosion of one of its members, or the advent of a large external body. Such disturbances are so unlikely that astronomy is justified in taking no account of them; nevertheless it is based on hypothesis. In other sciences disturbing causes are more frequent, and therefore the conditioning clauses more frequent and more prominent. Almost every scientific doctrine, when carefully and formally stated, will be found to contain some proviso to the effect that other things are equal: the action of the causes in question is supposed to be isolated; certain effects are attributed to them, but only on the hypothesis that no cause is permitted to enter except those distinctly allowed for. These conditioning clauses are not continually repeated, but the common sense of the reader supplies them for himself. In economics it is necessary to repeat them oftener than elsewhere, because its doctrines are more apt than those of any other science to be quoted by persons who have had no scientific training, and who perhaps have heard them only at second hand and without their context, and they are liable even to be deliberately wrested from their proper meaning for partisan purposes.

Again, it is sometimes said that law is more universally true and less changeable in the physical world than in the relations with which economics deals. It would perhaps be better to say that an economic law is applicable only to a very narrow range of circumstances, which happen to exist together at one particular place and time, but quickly pass away. When they are gone, the law though still true as an abstract proposition, has no longer any practical bearing, because the particular set of causes with which it deals are nowhere to be found acting together without important dis-

turbance from other causes. Though much of the scheme of economic theory, much of its scientific machinery, is of wide application, we cannot insist too urgently that every change in social conditions is likely to require a new development of economic doctrines.

AUTHORITY OF THE VEDA.

(*Page* 40.)

The following texts illustrate the paramount authority of the Veda: (a) *Gautama, I, i. 2.* ("The root of Dharma is the Veda, as well as the conduct and recollection of those who know the Veda.")

वेदो धर्ममूलम् । तद्विदां च स्मृतिशीले ।

(b) *Āpastamba, I, i.* 1, 2.

"The ultimate authority consists in the Vedas and the agreement of those who know Dharma.":

अथातः सामयाचारिकान् धर्मान् व्याख्यास्यामः । धर्मज्ञसमयः प्रमाणम् । वेदाश्च ।

(c) *Vasiṣṭha* I, 4 to 6.

"Dharma is that which is laid down by Smṛti and Sruti. In their absence the authority for conduct is the practice of pure men. The pure are those who have overcome desire."

श्रुतिस्मृतिविहितो धर्मः । तदलाभे शिष्टाचारः प्रमाणम् । शिष्टः पुनरकामात्मा ।

(d) *Manusmṛti* II, 6.

"The whole Veda is the root of Dharma and so are the recollection of those who understand and remember the Veda, the conduct of the good and one's own instinct."

वेदोऽखिलो धर्ममूलं स्मृतिशीले च तद्विदाम् ।
आचारश्चैव साधूनाम् आत्मनस्तुष्टिरेव च ॥

(e) *Yājñavalkya, I, 7.*

The Veda, the Smṛti, the practice of the good, the instinct of one's self and desire resulting from good resolutions, these are regarded as the root of Dharma.

श्रुतिस्मृतिसदाचाराः स्वस्य च प्रियमात्मनः ।
सम्यक् संकल्पजः कामो धर्ममूलमिदं स्मृतम् ॥

Vīramitrodaya, Paribhāṣāprakāśa, p. 25 lays down the scale of preference among the sources of Dharma as under: "When there is disagreement between two Vedic texts themselves,—inasmuch as we cannot make any distinction between them—they are regarded as equal in their authority, and in actual practice, the course laid down in these texts are regarded as optional alternatives. Similarly, when there is disagreement between two Smṛti texts, or between two customs, the same reasoning is applicable as to the case of the two Vedic texts. When there is disagreement between a Vedic text and a Smṛti text, it is the former that is stronger in its authority, as it is independent and self-sufficient, while the Smṛti, depending, as it does, upon the inference of the corroborative Vedic text is slower in its operation and as such weaker . . . . . When there is disagreement between Smṛti and Custom, the former is stronger in authority; because, the Smṛti derives its authority from the Veda directly, while the Custom presumes corroboration indirectly by the Veda, through the Smṛti."

The Vedas contain only incidental references to or statements on Dharma, but, where they occur, they form the ultimate source of authority for correct Dharma. Mr. P. V. Kane has collected a large number of Vedic passages on Marriage, Sonship, Inheritance, Adoption, Partition, Strīdhana, Caste rules, Gifts, and Śrāddhas, etc., in an article in the Journal of the Bombay branch of the Royal Asiatic Society, Vol. XXVI (1922), pp. 57-82, and in pp. 4-7 of his "*History of Dharmaśāstra*, (1930)."

Max Müller, "*Six Systems of Indian Philosophy*," (1899), p. 146, shows that the infallibility of the Veda was one of the accepted postulates of Indian Philosophy, and even the Sāṁkhya system recognised the authority of the Veda calling it *Śabda*. *See* his remarks on *Śabda* (Sound) or *Vāk* (Word) as the Veda or Brahman, *ibid.*, p. 197.

STATE REGULATION OF PRIVATE LIVES.

(*Page* 49.)

Kauṭilya lays down the state's duty to maintain the caste system:

चतुर्वर्णाश्रमस्यायं लोकस्याचाररक्षणम् ।
नश्यतां सर्वधर्माणां राजा धर्मप्रवर्तकः ॥
अनुशासाद्धि धर्मेण व्यवहारेण संस्थया ।
न्यायेन च चतुर्थेन चतुरन्तां महीं जयेत् ॥

The Purāṇas are rich in exhortations to kings to maintain *Varṇāśrama-dharma.* From their character as the types of popular literature which were most available to the common people, the significance of such Purāṇic exhortations is that the people should be educated in the belief of the necessity of the existing social order.

Viṣṇu-purāṇa enunciates the obligation in the clearest terms.

Bṛhad-dharma Purāṇa gives a history of social development to show the need to enforce caste.

Matsya-purāṇa looks on a Śūdra kingship with horror. *Kūrma-purāṇa* (I, 29-30), adopting a prophetic tone, predicts that in the Iron Age Śūdras will be exalted above Brahmans, and Brahmans will endure persecution at the hands of kings under Śūdra influence. Early authorities gave the Śākas the status of Śūdras. These exhortations to Kings to maintain the old Dharma probably reflect the Hindu revival in the days following the overthrow of Mleccha rule, during which cows had been slaughtered, women and children had been massacred, Brahmanas had been killed, unlawful taxes had been imposed and the personal and family rights of the subjects been freely invaded. (*See* K. P. Jayaswal—*History of India,* 150-350 A.D., J.B.O.R.S., Vol. XIX., 1933, pp. 151-2.)

HORROR OF VARṆASAṀKARA.

(*Page* 52.)

The unlawful mixture of castes is referred to as *Varṇasaṁkara* or *Varṇasaṁvarga.* Its hatefulness is signified by the rules laid down by Baudhāyana, II, 18, Vasiṣṭha, III, 24-25 and Manu, that one of the rare occasions in which a Brahman, (ordinarily prohibited from handling weapons even in play) is permitted to take up arms is to resist *Varṇasaṁkara.*

Vasiṣṭha, III, 24-25.

आत्मत्राणे वर्णसंसर्गे ब्राह्मणवैश्यौ शस्त्रमाददीयाताम् ।

Baudhāyana is identical with Vasiṣṭha.

Manu, VIII, 172.

स्वादानाद्वर्णसंसर्गात्त्वबलानां च रक्षणात् ।
बलं संजायते राज्ञः प्रेत्य चेह च वर्धते ॥

The sacerdotal view of *Varṇasaṁkara* is thus stated in *Bhagavadgītā,* I, 41-44.

अधर्माभिभवात् कृष्ण प्रदुष्यन्ति कुलस्त्रियः ।
स्त्रीषु दुष्टासु वार्ष्णेय जायते वर्णसंकरः ॥
सङ्करो नरकायैव कुलघ्नानां कुलस्य च ।
पतन्ति पितरो ह्येषां लुप्तपिण्डोदकक्रियाः ॥
दोषैरेतैः कुलघ्नानां वर्णसंकरकारकैः ।
उत्साद्यन्ते जातिधर्माः कुलधर्माश्च शाश्वताः ॥
उत्सन्नकुलधर्माणां मनुष्याणां जनार्दन ।
नरके नियतं वासो भवतीत्यनुशुश्रुम ॥

Kauṭilya shares the traditional dislike of the mixture of castes, *e.g.,* I, 3. (p. 8).

स्वधर्मः स्वर्गायानन्त्याय च ।
तस्यातिक्रमे लोकः संकरादुच्छिद्येत ।
तस्मात् स्वधर्मं भूतानां राजा न व्यभिचारयेत् ।
स्वधर्मं सन्दधानो हि प्रेत्य चेह च नन्दति ॥

STATUS OF WOMEN.

(*Pages* 53-54.)

The evidence of the *Kāmasūtra* of Vātsyāyana is valuable and should be taken with that furnished by the *Artha* and *Dharma* literature, which it confirms in most respects. Dr. P. Peterson recognized the value of this work, traditionally believed to be also by Kauṭilya, and published in the Journals of the Anthropological Institute (1892, pp. 459-466) and Asiatic Society (Vol. XVIII) translations of the passages in Vātsyāyana's work dealing with the character of the virtuous matron and with courtship and marriage. An exhaustive study of the evidence in the *Kāmasūtra* is contained in pp. 172-203 of Dr. H. C. Chakladhar's *"Social Life in Ancient India—Studies in Vātsyāyana's Kāmasūtra,"* 1929.

In 1909, the Indian Department of Ethnography published a pamphlet by Mr. B. A. Gupte stringing together translations of texts from Hindu, Jain and Buddhist sources, which would prove the editor's thesis: "from the women-hating Buddhist and Jain periods, women rose steadily among the Hindus, and higher still among the Muhammadans."

The evidence in Literature is digested in J. J. Meyer's comprehensive review of *'Sexual Life in Ancient India,'* which is now available in an English translation. (2 Vols.)

STATE OWNERSHIP OF LAND.

(*Page* 56.)

The question has been discussed exhaustively by Mr. K. P. Jayaswal—*Hindu Polity,* Part II, 1924, pp. 174-183, by Prof. U. N. Ghoshal in his *"History of the Hindu Revenue System",* (1929) and *"Agrarian System in Ancient India,"* (1930), and by Dr. Kishori Mohun Gupta in his *"Land Systems in South India,"* 1933, pp. 99-131. Of the older views, that of H. T. Colebrooke is still valuable and is extracted below, along with a brief statement of the case against Private Ownership by Dr. L. D. Barnett, which appeared in a recent book-review., (*J.* R. A. S., 1931, pp. 695-696).

Major Wilks's defence of the traditional view (*History of Mysoor,* 1820), not being that of an antiquarian or scholar, is of interest only as that of an administrator, who was in touch with current local belief in the untenability of state proprietorship view of land.

The relevant texts are cited below. The views of Mādhavācārya and Lakṣmīdhara are of more than ordinary interest as they were ministers of powerful kings. The text of Kātyāyana is ambiguous and is translated by Mr. P. V. Kane, (p. 121) in a sense opposed to that in which *Vīramitrodaya* has taken it.

H. T. COLEBROOKE, *Miscellaneous Essays.*

(Madras Reprint) Vol. I, pp. 320-321. (1871).

(The extract is from his third paper in the "Philosophy of the Hindus" read before the Royal Asiatic Society on March, 4, 1826.)

"A question of considerable interest, as involving the important one concerning property in the soil in India is discussed in the sixth lecture. At certain sacrifices, such as that which is called *viswajit,* the votary, for whose benefit the ceremony is performed, is enjoined to bestow all his property on the officiating priests. It is asked whether a paramount sovereign shall give all the land, including pasture-ground, highways, and the site of lakes and ponds; an universal monarch, the whole earth; and a subordinate prince, the entire province over which he rules? To that question the answer is: the monarch has not property in the earth, nor the subordinate prince in the land. By conquest kingly power is obtained, and property in house and field would belong to the enemy. The maxim of the law, that "the King is lord of all excepting sacerdotal 'wealth", concerns his authority for correction of the wicked and protection of the good. His kingly power is for government of the realm and extirpation of wrong; and for that purpose he receives taxes from husbandmen, and levies fines from offenders. But right of property is not thereby vested in him; else he would have property in house and land

appertaining to the subjects abiding in his dominions. The earth is not the king's, but is common to all beings enjoying the fruit of their own labour. It belongs, says JAIMINI, to all alike: therefore, although a gift of a piece of ground to an individual does take place the whole land cannot be given by a monarch, nor a province by a subordinate prince; but house and field, acquired by purchase and similar means, are liable to gift."

TEXTS.

Jaimini-sūtra, VI, 7. 3: न भूमिस्स्यात् सर्वान् प्रत्यविशिष्टत्वात् ।

Śabara-svāmin comments on the above *sūtra* thus:

अत्रैव सर्वदाने संशयः । किं भूमिर्देया न इति । का पुनर्भूमिः अत्राभिप्रेता ? यदि तत् मृदारब्धं द्रव्यान्तरं पृथिवीगोलकं न क्षेत्रमात्रं मृत्तिका वा ? तत्र किं प्राप्तम् ? अविशेषाद्देया । प्रभुत्वसम्बन्धेन हि तत्र स्वशब्दो वर्तते शक्यते च मानसेन व्यापारेण स्वता निर्वर्तयितुम्—इति । एवं प्राप्ते ब्रूमः —

न भूमिर्देया इति । कुतः ? क्षेत्राणां ईशितारो मनुष्या दृश्यन्ते न कृत्स्नस्य पृथिवीगोलकस्य इति । आह य इदानीं सार्वभौमः स तर्हि ब्रूमः । कुतः ? यावता भोगेन सार्वभौमो भूमेरीष्टे तावता अन्योऽपि ; न तत्र कश्चिद्विशेषः सार्वभौमत्वे अस्य त्वेतदधिकं यत् असौ पृथिव्यां सम्भूतानां व्रीह्यादीनां रक्षणेन निर्विष्टस्य कस्यचिद्भागस्य ईष्टे न भूमेः तन्निविष्टाश्च ये मनुष्याः तैरन्यत् सर्वप्राणिनां धारण-विक्रमणादि यत् भूमिकृतं तत्रेशितं प्रति न कश्चिद्विशेषः । तस्मात् न भूमिर्देया ॥

Pārthasārathi-miśra's words (in *Śāstradīpikā*) are thus cited and paraphrased by Nīlakaṇṭha in *Vyavahāra-mayūkha*, (p. 56, Gujarat Press, edn.):

"एवं क्षत्त्रियादेर्जयादिरिति तु युक्तम् । जयेऽपि जितस्य यत्र गृहक्षेत्रद्रव्यादौ स्वत्वमासीत् तत्रैव जेतुरप्युत्पद्यते । जितस्य करग्राहितायां तु जेतुरपि सैव न स्वत्वम् । अत एव सार्वभौमेन सम्पूर्णा पृथ्वी माण्डलिकेन च मण्डलं न देय-मित्युक्तं षष्ठे । सम्पूर्णपृथ्वीमण्डलस्य तत्तद्ग्रामक्षेत्रादौ स्वत्वं तु तत्तद्भौमिकादी-नामेव । राज्ञां तु करग्रहणमात्रम् । अत एव इदानीन्तनपारिभाषिकक्षेत्रदानादौ न भूदानसिद्धिः ; किं तु वृत्तिकल्पनमात्रमेव । भौमिकेभ्यः क्रीते तु गृहक्षेत्रादौ स्वत्वमप्यस्त्येव ॥

Mādhavācārya, *Nyāyamata-vistāra* (Ānandāśrama edn., p. 358):

"देया न वा महाभूमिः स्वत्वाद्राजा ददातु ताम् ।
पालनस्यैव राज्यत्वान्न स्वं भूर्दीयते न सा ॥"

यदा सार्वभौमो राजा विश्वजिदादौ सर्वस्वं ददाति तदा गोपथराजमार्ग-जलाशयाद्यन्विता महाभूमिस्तेन दातव्या । कुतः ? भूमेस्तदीयधनत्वात् "राजा सर्वस्येष्टे ब्राह्मणवर्जम्" इति स्मृतेः । इति प्राप्ते—

ब्रूमः । दुष्टशिक्षाशिष्टपरिपालनाभ्यां राज्ञः ईशितृत्वं स्मृत्यभिप्रेतमिति न राज्ञो भूमिर्धनम् । किंतुतस्यां भूमौ स्वकर्मफलं भुञ्जानानां सर्वेषां प्राणिनां साधारणं धनम् । अतोऽसाधारणस्य भूखण्डस्य सत्यपि दाने महाभूमेर्दानं नास्ति ॥

Khaṇḍa-deva (*Bhāṭṭa-dīpikā*, Mysore, ed., II, 317):

सार्वभौमस्यापि न तस्यां स्वत्वम् । जयस्यापि च शत्रुस्वामिकधनगृहक्षेत्रादि-विषये एव स्वत्वोत्पादकत्वात् । महापृथिव्यां तु राज्यमात्राधिकारस्यैव जयेन सम्पादनात् । राज्यं हि स्वविषयपरिपालनकण्टकोद्धरणरूपं तन्निमित्तकं च तस्य कर्षकेभ्यः करादानं दण्ड्येभ्यश्च दण्डादानम् इत्येतावन्मात्रम् । न त्वेतावता तस्यां स्वत्वम्...... परिक्रयादिलब्धं गृहक्षेत्रादिकं तु देयमेव ॥

Vīramitrodaya, Rājanīti (Benares ed., p. 271):

कात्यायनः —
भूस्वामी तु स्मृतो राजा नान्यद्रव्यस्य सर्वदा ।
तत्फलस्य हि षड्भागं प्राप्नुयान्नान्यथैव तु ॥
भूतानां तन्निवासित्वात् स्वामित्वं तेन कीर्तितम् ।
तत्क्रियाबलिषड्भागं शुभाशुभनिमित्तजम् ॥

अस्यार्थः । राजा भुवः स्वामी स्मृतः । अन्यद्रव्यस्य भूसम्बन्धिद्रव्यस्य न स्वामी । अन्यथा भूमिस्वाम्याभावे । भूतानां प्राणिनाम् । तन्निवासित्वात् भूनिवासित्वात् । स्वामित्वं राज्ञ इति शेषः । इत्यतः तत्क्रियाबलिषड्भागं प्राप्नुयात् ॥

The verse of Kātyāyana is cited in Lakṣmīdhara's *Kṛtya-Kalpataru* also (12th Century). See P. V. Kane's Kātyāyana, 1931, sl. 16-17, and *ibid.*, p. 121.

The anonymous text in favour of the State's right is cited by Bhaṭṭasvāmin (ed. Jayaswal and Banerji-Śāstri), p. 138.

GROUP ORGANISATIONS.

(*Pages* 58-60.)

See *Gautama* XI, 22-23:—

"देशजातिकुलधर्माश्च आम्नायैः अविरुद्धाः प्रमाणम्" ।

"कर्षकवणिक्पशुपालकुसीदकारवः स्वे स्वे वर्गे" ।

Agriculturists, traders, herdsmen, and craftsmen form self-governing guilds of their own, whose corporate existence the king recognises. *Manusmṛti* IV, 61, followed by later writers, refers to guilds (*gaṇa*) of even heretics (*Pāṣaṇḍi*):—

न शूद्रराज्ये निवसेन्नाधार्मिकजनावृते ।

न पाषण्डिगणाक्रान्ते नापसृष्टेऽन्त्यजैर्नृपैः ॥

A guild like the English Corporation had a perpetual succession, and as such its property could not escheat. Even the appropriation of its property by the king is prohibited. For this, Aparārka quotes the following authority from Paiṭhinasi.

परिषद्गामि वा श्रोत्रियद्रव्यं न राजगामि । न हार्यं राज्ञा देवतागणसंस्थितं न निक्षेपोपनिधिक्रियाक्रमागतं न बालस्त्रीधनानि—

"न हार्यं स्त्रीधनं राज्ञा तथा बालधनानि च ।

नार्याः षडागमं वित्तं बालानां पैतृकं धनम्" ॥

The great power enjoyed by Corporations is indicated by the rule of *Yājñavalkya* (II, 192), that changes in their constitution required recognition by the King, who had to see that guilds did not depart from established custom:—

श्रेणिनैगमपाषण्डिगणानामप्ययं विधिः ।

भेदं चैषां नृपो रक्षेत् पूर्ववृत्तिं च पालयन् ॥

Kauṭilya frequently alludes to the powerful influence of guilds in his day.

The establishment of *new* guilds is a potential danger to the State, and a possible cause of fiscal loss. These considerations may account for the rule of Śukra (I, 610-616), making it a penal offence to establish without State authorisation, a new guild or company:—

नवसमाजनियमं निर्णयं जातिदूषणम् ।
मनसाऽपि न कुर्वन्तु स्वामिद्रोहं तथैव च ॥

The types of groups (*varga*) dealt with by the Dharmaśāstra are enumerated in the following texts:—

Nārada:
पाषण्डिनैगमश्रेणीपूगव्रातगणादिषु ।
संरक्षेत् समयं राजा दुर्गे जनपदे तथा ॥

Kātyāyana:
गणपाषण्डपूगाश्च व्राताश्च श्रेणयस्तथा ।
समूहस्थाश्च ये चान्ये वर्गाख्यास्ते बृहस्पतिः ॥

The views of writers on Dharmaśāstra as to the meaning of the terms are summarised below:

(*a*) *Varga* is commonly taken as a generic term for *any* group.

(*b*) *Samaya* is a compact or charter, which forms the basis of the union. *Smṛticandrikā* (III, pp. 523-4) gives illustrations of different types of such compacts.

(*c*) *Śreṇi*: Vijnāneśvara, (*Mitākṣara* on Yājñavalkya, II, 192) defines it as a corporation, whose members come from one and the same craft:—

एकपण्यशिल्पोपजीविनः श्रेणयः ।

He thus defines *śreni* as a craft-guild (*śilpisamūhah*).

(*d*) *Vrāta*: Kātyāyana (sl. 678) defines *Vrāta* as an 'armed group made up of members of different castes and bearing different weapons':

नानायुधधरा व्राताः समवेताः प्रकीर्तिताः ।

Patañjali (*Mahābhaṣya* on *Pāṇini*, V, 2-21) explains *Vrāta* as a group composed of different castes and occupations the members of which make a living by relying on their physical powers. Mr. Jayaswal (*Hindu Polity*, II, p. 77.) defines *Vrāta* as a combination of unskilled artisans, but cites no authority for holding this view.

(*e*) *Gaṇa* is interpreted in different ways. Kātyāyana (680) applies it to a corporation of Brahmans:—

ब्राह्मणानां समूहस्तु स गणः सम्प्रकीर्तितः ।

Caṇḍeśvara, equates *Gaṇa* with *Vrāta,* as referring to a group, which lives by following the military profession.

(*f*) *Naigama* is defined by *Mitākṣara* as a union, whose members accept the Veda as authority, while rejecting other orthodox doctrines, *e.g.*, Pāśupatas:—

नैगमाः ये वेदस्य आप्तप्रणीतत्वे- प्रामाण्यमिच्छन्ति, पाशुपतादय:

Vīramitrodaya (*Rājaniti,* p. 120) classes *Naigamas* as groups of 'citizen-merchants' (*pauravaṇijah*).

Madanaratna explains *Naigama* as 'merchants united as a caravan'. This is also the interpretation of *Smṛticandrika,* (III, p. 523).

Kātyāyana gives *Naigama* a wider sense. He makes the test of a *Naigama* that it should consist of members drawn from a single city.

नानापौरसमूहस्तु नैगमः परिकीर्तितः ।

See also R. C. Majumdar, *Corporate Life in Ancient India,* pp. 145-6 (Second edition).

(*g*) *Pūga* is defined by Kātyāyana (sl. 679) as 'a group of merchants and the like'. *Vivādaratnākara* takes *Pūga* to mean 'groups of persons of different castes whose means of living are not fixed."

Smṛticandrika, III, p. 523, takes *Pūga* to mean an association of Elephant drivers and horse-riders. *See* Mookerjee's *Local Government in Ancient India,* p. 314 (II edition).

(*h*) *Pāṣaṇḍa.* Medhātithi (on *Manu,* IV, 30), Vijñāneśvara (Yājñavalkya, II, 192), and Kullūka (on *Manu,* IV, 30) define the Pāṣaṇḍas as those who reject the authority of the Veda, and as illustrations name the Buddhists and Jains. *Smṛticandrika,* (III, p. 523) gives the term a wider extension of meaning and brings under it 'every one who rejected the Veda.'

पाषण्डाः वेदोक्तलिङ्गधारिव्यतिरिक्ताः सर्वे लिङ्गिनः । ते हि मठादिहिताचारणाद्याः समयाः सन्ति ।

The different senses thus seen to be assigned to the same terms will indicate either that, in course of time, corporate organisations changed their composition and functions, while retaining their old class-titles, or that, in the days, when the later *Smṛtis* and Digests were composed, such corporations had fallen into decay and the definitions of the Digest writers were based on vague traditions and not on contemporary observation.

FAMILY ACCOUNTS.

(*Page* 74.)

The Hindu wife is invested with the control of the income and the expenditure of the house-hold.

Cf. *Manusmṛti,* X, 11:

"अर्थस्य सङ्ग्रहे चैनां व्यये चैव नियोजयेत्" ।

Medhātithi explains the rule as follows:

संग्रहः संख्यादिना परिच्छिद्य रक्षार्थं वेश्मनि निधानम् ।

Vātsyāyana (*Kāmasūtra,* pp. 238 ff.) vests in the wife the duty of preparing the family budget for the year, and she is to keep accounts and distribute the money available among the different heads of expenditure:

सांवत्सरिकमायं संख्याय तदनुरूपं व्ययं कुर्यात् ।

भृत्यवेतनभरणज्ञानम् । कृषिपशुपालनचिन्तावाहनविधानयोगाः

*　　　*　　　*

दैवसिकायव्ययपिण्डीकरणमिति च विद्यात् ।

*　　　*　　　*

नित्यनैमित्तिकेषु कर्मसूचितो व्ययः । तदारब्धानां च कर्मणां समापने मतिः ।
(p. 240.)

परिचारकैः शुचिभिः आज्ञाधिष्ठितैः अनुमतेन क्रयविक्रयकर्मण सारस्यापूरणं तनूकरणं च शक्त्या व्ययानाम् । (p. 241.)

The matrons of Vātsyāyana's time, coming from middle and high class families, could read, write and calculate sufficiently to maintain domestic accounts and conduct correspondence. The *Kāmasūtra* states explicitly (p. 30) that ladies of noble birth and of the great official families, as well as the

women of the town (*ganika*) had their wits sharpened by the study of the sciences:

सन्त्यपि खलु शास्त्रप्रहतबुद्धयो गणिका राजपुत्र्यो महामात्रदुहितरश्च ।

An illustration of the facile learning of women of the period of the Hindu revival, during the Vākāṭaka period is furnished by the drama, *Kaumudī-mahotsava,* written about 340 A.D., by a Hindu lady, "to whom Sanskrit Kāvya was as facile a subject as to Bhāsa and Kālidāsa," practically at one sitting. (Jayaswal—*History of India,* 150—350 A.D., J.B.O.R.S., XIX, 1933, p. 95.)

RESTRICTIONS ON SOLDIERS.

(*Page* 80.)

These are found in the later treatises only, and would imply that the need to impose restrictions was greater in later than in earlier epochs.

Śukra interdicts all dealings between soldiers and civilians, and will not allow soldiers to enter villages, nor allow of their employment, in civil duties (see *infra,* p. 80). He will recover the cost of the soldier's kit from the pay.

Somadeva will also not recommend the appointment of soldiers to ordinary administrative posts. His reason is that once installed in office, the soldier will be ever ready to draw his sword, *i.e.,* will not be amenable to control.

Somadeva will exclude generals from the King's Council.

शस्त्राधिकारिणो न मन्त्राधिकारिणः स्युः । (*Nītivākyāmṛta,* p. 36):

क्षत्रियः नाधिकारी कर्तव्यः, अभियुक्तः खड्गं दर्शयति । (*Ibid.,* p. 70).

प्रतिवर्षं स्ववेशार्थं सैनिकेभ्यो धनं हरेत् । (*Sukranīti,* IV, vii, 51.)

STATE GRANARIES.

(*Page* 82.)

The formation of central stores of grain and provisions generally is recommended for the alleviation of scarcity and of high prices, as well as for the use of the army. Kauṭilya, (p. 362) recommends the formation of such stores before the army is mobilised.

The relevant texts are cited below:

धान्यानां सङ्ग्रहः कार्यो वत्सरत्रयपूर्तिदः ।
तत्तत्काले स्वराष्ट्रार्थं नृपेणात्महिताय च ।
चिरस्थायी समृद्धानामधिको वापि चेष्यते ।
सुपुष्टं कान्तिमज्जातिश्रेष्ठं शुष्कं नवीनकम् ।
ससुगन्धवर्णरसं धान्यं संवीक्ष्य रक्षयेत् ।
सुसमृद्धं चिरस्थायि महार्घमपि नान्यथा ।
विषवह्निहिमव्याप्तं कीटजुष्टं न धारयेत् ।
निःसारतां न हि प्राप्तं व्यये तावन्नियोजयेत् ॥
व्ययीभूतं तु यद् दृष्ट्वा तत्तुल्यं तु नवीनकम् ।
गृह्णीयात् सुप्रयत्नेन वत्सरे वत्सरे नृपः ।
ओषधीनां च धातूनां तृणकाष्ठादिकस्य च ।
यन्त्रशस्त्रास्त्राग्निचूर्णभाण्डादेर्वाससां तथा ।
यद्यच्च साधकं द्रव्यं यद्यत्कार्ये भवेत् सदा ।
सङ्ग्रहस्तस्य तस्यापि कर्तव्यः कार्यसिद्धिदः ।
संरक्षयेत् प्रयत्नेन सङ्गृहीतं धनादिकम् ।

(*Śukranītisara,* IV, ii, 50-62.)

सर्वसङ्ग्रहेषु धान्यसङ्ग्रहो महान् । यन्निबन्धनं जीवितम् । न खलु मुखप्रक्षिप्तं सत् करोति द्रविणं प्राणत्राणं यथा धान्यम् । सर्वधान्येषु चिरंजीविनः कोद्रवाः ।

अनवं नवेन वर्धयितव्यं व्ययितव्यं च ॥

(*Nītivākyāmṛta,* XVIII, 66-70.)

THE KING A SERVANT OF THE PEOPLE.

(*Page* 114.)

Śukra explicitly lays down that the king has been appointed a servant of the people by being given his share (of the people's income) for his maintenance:

स्वभागभृत्या दास्यत्वे प्रजानां च नृपः कृतः । (I, 375.)

The same point of view is enforced by the Buddhist sage Āryadeva in his *Catussatīṭika,* in a passage cited by Dr. U. N. Ghoṣal (*Hindu Political Theories,* p. 209). Replying to the argument that the king is the source of all undertakings, and that the king's self-importance is therefore natural, Āryadeva exclaims, in anger: "What superciliousness is thine O King, thou who art a mere servant of the multitude (gaṇadāsa), and who receives a sixth part of the produce as thine wages."

Āryadeva subordinates politics to morality.

COḶA SURVEYS.

(*Pages* 114-115.)

(*a*) Extract from Madras Epigraphists' Annual Report for 1899-1900, para. 25:

"In No. 87 of 1900 the 'rod equal to the royal foot which measured the (whole) world' shows that there was a revenue survey previous to the 6th year of the reign of Vikrama-Choḷa and that the foot of some royal personage was taken as the unit or the survey. At Shiyali and at Tirunāgesvaram in the Tanjore district there are two inscriptions (Nos. 125 of 1896 and 84 of 1897), the first dated in the 9th year of Kulottuṅga III and the second, during the reign of Tribhuvanachakravartin Konerimenkoṇḍan. Both of them refer to measurements of land made in the 16th year of the reign of Kulottuṅga-Choḷadeva 'who abolished tolls', *i.e.,* of Kulottuṅga I (=A.D. 1086). It is very probable that the measurement referred to in the Tiruvottur inscription (No. 87 of 1900) is the same that was made during the 16th year of the

reign of Kulottuṅga I, and consequently the term 'royal foot' (*śripāda*) refers to the foot of Kulottuṅga I, which was evidently taken as the unit. It may here be remarked that this is not the earliest epigraphical evidence of land having been surveyed for purposes of revenue in ancient times. The inscriptions found on the walls of the Brihadīśvara temple at Tanjore bear ample testimony to the accuracy of the revenue survey made prior to the time of the great Rājarāja I, (who ascended the throne in A.D. 984). Land as small in extent as 1|52,428,800,000 of a *veli* was measured and assessed to revenue."

(*b*) *South Indian Inscriptions,* II, i, p. 62, para. 11 (Inscription of Rājarāja).

"(*The village of*) Iraiyanseri in Kalarakkurram, (*a subdivision*) of the same *nāḍu,* (*contains*), according to measurement, twelve (*measures of*) land, one half, two twentieths, one fortieth and one three-hundred-and-twentieth; 1|320 of one quarter and three eightieths; and $(1|320)^2$ of three quarters and one twentieth. There have to be deducted three quarters (*of a measure*) of land free from taxes, two twentieths, one eightieth and one hundred-and-sixtieth; 1|320 of one half and three twentieths; $(1|320)^2$ of three twentieths, one hundred-and-sixtieth and one three-hundred, and-twentieth; $(1|320)^3$ of three eigthtieths; and $(1|320)^4$ of three quarters and one twentieth,—consisting of the village site, the site of the houses (*kudi-irukkai*), the *Paraichcheri,* the water-course (*nir-odu-kāl*), (*called*) the Kannan channel, (*and the other*) channels which pass through this village and irrigate other villages, the village thrashing-floor of this village, the ponds of this village and (*their*) banks, the sacred temple of Medavar (*Mahādeva*) in this village and (*its*) sacred court, and the sacred bathing-pond of this god. (*There remain*) eleven (*measures of*) land, three quarters and one hundred-and-sixtieth; 1|320 of one half, two twentieths and three eightieths; $(1|320)^2$ of one half, two twentieths and three eightieths, $(1|320)^3$ of three quarters, four twentieths, one hundred-and-sixtieth and one three-hundred-and-twentieth; and $(1|320)^4$ of (four twentieths).

The revenue paid as tax is one thousand and one hundred and sixty-nine *kalam* two *tuni,* two *nari* and (*one*) *uri* of paddy, which has to be measured by the *marakkal* called (*after*) Adavallan, which is equal to a *rājakesari.*"

WORKHOUSES FOR WOMEN.

(*Page* 145.)

Cf. *Kauṭilīya,* II, 23, p. 114.

याश्च अनिष्कासिन्यः प्रोषितविधवा न्यङ्गा कन्यका वा आत्मानं बिभृयुः ताः स्वदासीभिः अनुसार्य सोपग्रहं कर्म कारयितव्याः ।

स्वयं आगच्छन्तीनां वा सूत्रशालां प्रत्युषसि भाण्डवेतनाविनिमयं कारयेत् । सूत्रपरीक्षार्थमात्रः प्रदीपः ।

स्त्रिया मुखसन्दर्शने अन्यकार्यसम्भाषायां वा पूर्वः साहसदण्डः ॥

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